



Two trades so far this week....both EJ H1 trades taken at or near LO. Closed the first one manually after a pullback and market ranging. Second one hit TP before reversing....had a signal to go long but I don't like taking trades right at NYO, so I passed on that one.

The screenshot displays a MetaTrader 4 trading interface for the EURJPY H1 chart. At the top, there are order entry fields for 'SELL' and 'BUY' with a price of 1.00. The current price is 129.26⁹ and the bid is 129.30⁵. The chart title is 'EURJPY H1' with a spread of 3.6 and a candle time of 08:49. The chart shows a series of candlesticks with various technical indicators overlaid, including a green line labeled '36', a blue line labeled '33', and a red line labeled '31'. A green box highlights a region of the chart, and a red box highlights another region. The chart also shows 'Yesterdays High' and 'Yesterdays Low' levels. The right side of the chart has a vertical axis with price levels ranging from 128.880 to 131.190. The bottom of the chart shows a 'Traders Dynamic Index' with a green line and a red line, and a 'FXDD - MetaTrader, © 2001-2013, MetaQuotes Software Corp.' watermark.

Q: I have a question about that EJ trade at LO open. You said "TP moved twice" and your usual TP is 50 pips so when you see the market keep dropping you change your TP from 50 to 100 and then 150 pips, am I correct? And your 2 scalp trades, you take your profit early. So can you give us some idea like when to change TP target and when to get out sooner or what criteria for you to do that?



Yes, you are correct...on the H1 I move my TP in 50 pip increments.

The first two trades were SCALP trades, meaning that I had no reason to expect the market to move 50 pips based on time of day and a ranging market....I had a bias of short trades based on the divergence so I entered with the expectation that when the market retraced 10 or 12 pips, I would exit.

Knowing when to move TP comes with hundreds of hours of learning price action on each pair. I have a M15 chart open alongside the H1 chart when I trade. When deciding to move TP, I watch price action on the smaller time frame and sometimes even move to the M5 to see if there are any retracements. If there is a retracement and any of the candles CLOSE blue on the M5 or M15 and price pulls back past the top of that blue candle, I consider closing the trade. On the attached M5 chart you can see that price moved down quickly, so at about 35 to 40 pips, I changed the TP to 100. At about 70 pips, price stalled and created an inside bar but the candle did not close blue. The following candle had wicks at both ends, so I cautiously watched to see if a reversal was about to occur. Remember, this is a M5 chart. Price then quickly moved lower, so I moved my TP to 150. I could have pushed my luck and tried for 200 because there was still no sign of a pullback but I was satisfied with 150. If I had moved TP to 200, I would have ended up with about 120 pips following the pullback.

It is difficult to put into words what happens in my mind as the trade is progressing but I hope this gives you an idea of what I look for....

Q: Can you help me on which time frame where have you seen the correct entry/trigger because you entry at 130.60 is not clear for me.

The trade was taken on the H1 time frame based on a double top (Frankfurt and LO candles). There was divergence indicating price would go short at some point. I took the trade based on those factors....once price pulled back from the double top, I entered. The

H1 TDI had not yet confirmed but green was touching red and both were below the yellow MBL, which was pointing down. TDI had crossed on the M15. I had no way of knowing how many pips price would move. I was trying for 50 but was able to get 150.....a good day.

Q: Is this a MTF indicator for TMS? or Stochastics? or APB (or HA) candles? There are similar MTF indicators made by Xaphod and I am just wondering if such MTF indicator is in any way useful when you trade. I haven't seen you ever mentioned about this MTF usages. Instead, you said when you trade at H1 chart, you only see H1 and don't need to see other time frames. I am just curious about it.

I do not use that indicator to enter or not enter any trades. It is simply an indicator based on moving averages and the dots change colors based on crossovers of the MA's. I only look at it to get an overall picture of what each time frame is doing when analyzing my charts in preparation for trading at the beginning of my trading session. I never base any H1 trades off that indicator.

I do use the highs and lows from each time period to help with those decisions.....I have the Monthly, Weekly, Daily and H4 highs and lows on my chart and I do use those lines to help determine S/R and targets.

Q: Do you draw the lines for the high / low of each period manually or do you use an indicator or a script ? If so, could you please post it here for me ?
@all: Is it a good idea to go long in Eur / USD now ? No news and a strong signal at H1 ?

I draw the monthly and weekly high/low by hand.....there are a couple of H4 and daily indicators posted.....look in the paperclip at the top of the thread.....

EJ H1

Friday...one continuation trade @ LO.....did not trade NFP announcement.

Today.....three trades.....First taken long after gap down at the market open for the week....did not hit 50 pip TP.....exited manually. Second trade taken following three pullback candles in a row.....TP set at last months high....TP hit. Third trade taken following LO and a nice pullback candle....missed TP by 2 pips....closed manually @ 38 pips.....





One trade today GU H1.....traded this pair based on scheduled GBP news announcements following London Open.....waited for price to break below the LO candle (which set the high of the session).....TDI cross confirmed.....moved TP once.....TP hit.....done for the day.

Q: I wonder if you are trying to trade the news now or you are always have a set of rule to trade the news since the beginning? Or maybe when the big impact news was announced you would trade in the direction and momentum of the market?

I do not trade the news announcements themselves....in fact, if I am in a trade before high impact news, I will lock in profit or exit the trade to avoid being stopped out....when the market gives me an entry 10 to 30 minutes following the news announcement (and there is no other high impact news event coming), I will enter the market. In this case, I actually entered the market about 30 minutes after the news announcement, once that candle broke the low of the LO candle.

Here are my EJ H1 trades for this week.....most of the trades were based on pullback formations....used a triple top for one and couple of small continuation trades. Overall, a really good week.



Q: I want to ask you about a few things on your chart, hope that you can tell me your opinion about that. So here it is: (I will use the time on your chart)

LO on the 9th, you entered 1 hour before NYO when TDI already crossed. You didn't take a short when LO because APB had both upper wick and lower wick and TDI didn't cross right? Sometimes I see you take the trade even the candle had both wicks and TDI didn't cross. What was your thought on this one?

LO on the 10th, you entered after price pull back from the high of LO session at that moment and green bounced off red or you have another reason to enter that trade?

This week there are a lot of LO candle fakeout so I just want to know your chain of thoughts when these things happen. It will help not only me but a lot of traders here I think.

You are correct. The LO candle was an indecision candle...no direction....the next inside candle and the next one after that, also indecision candles. The 4th candle moved down and broke the low of the first three candles. I entered on a classic TMS entry.....the open of the second candle....the TDI had just crossed over the red and the yellow when that candle opened....classic TMS. There was no entry signal from LO until the second red candle opened.

On the 10th, there had already been a big move down during the Asian session off from a triple top. Based on that TT, I expected price to continue down. Price retraced from the Asian move to almost the 61.8 fib and then reversed again....once it broke below last weeks low and green was still below red and yellow, I entered the trade....barely hit my TP because it was so late in the London session and the move was close to reaching the ADR for the day.....I was lucky to get the 50 pips....would have closed for 40 on a reversal but price came straight down to my TP.

If you are following the TMS rules , you are on the right track.....TMS plus price action is the only way to go.....

I agree with frenetic that your week's trades are simply inspiring. To reach that level one day would fulfill a dream. At this time I am still trying to understand, let alone perform....

1. May I ask your exit reason for the first trade of the week? Is it simply expecting a reversal at LO coincidentally with price being at prev day high?

2, What was your entry reason after the triple top? Reading pdf I and II of your trades I would have thought one should enter as PA broke the low of the previous blue candle?

1. 1st Trade of the Week: Time of day is very important when making decisions like the one you asked about. When price broke the high of the previous day, I entered with some caution because we were close to the LO and anything can happen at LO. Once price pulled back a little and London was about to open, I took what pips I could get. If price had move long again following LO, I would have re-entered long. Instead, price went into consolidation as I explained in my last post, so I waited for a signal to enter.

2. Triple Top: Price had already tested that resistance area twice before and when it could not break through on the third try, and the candle prior to that blue candle that tested for the third time was a red pullback candle, I gave it a try and entered....just some intuition and experience, I guess. It was an aggressive entry based on the fact it was a triple top, not a double top. The conservative entry would have been to enter as you suggested, on the break below the last blue candle.

PDF's: When you read those PDF's, please understand that my trading is constantly evolving and I make adjustments to my trading plan as I pick up new information and discover new ideas while I am back testing and forward testing...I have to strive to get better at this all the time.....the market is constantly changing and we all have to do the same.



I entered a long trade at LO after price had broken above the high of the previous 3 candles.....I monitored it until it was I profit 21 pips and went back to bed since I had a business meeting to attend this morning....price pulled back and stopped me out at BE. I have my alarm set for the top of each hour for the first 4 hours of the London on days that I cannot stay up and monitor the trades. I re-entered long on the fourth candle of London on a continuation of the long and another break above yesterdays high....hit TP and the ADR was also hit.

Q: Seems like I timing is a bit off or so. I'm trading AU today, and my TP(50 pips) is short by 5 pips, so in the end I just got 10 pips after all. I mean profit is profit I know but sometimes it just feel a little bit disappointed. I mean, seeing another pair will hit my TP if I were entered that but in fact I didn't get that much. Is this just bad luck or bad timing? I remembered you said that you decide to trade 1 pair if it has more than 100 pips ATR and there is a valid signal to enter or something like that. Just like today, I'm have EU,GU,AU,EJ chart open and all of them have a signal but I choose AU instead. So the result is as you know already. I know this is what you have to deal with in trading but I think some suggestions of veteran traders is great too. So can you give me some advice on this?

When I open my charts, one of the first things I look at is Yesterday's Range (how many pips did price move yesterday on each pair), the 5 day ADR and the overall 30 day ADR.....then I open the news calendar and determine what scheduled news events may affect any of the four pairs that I trade. I then analyze that information to determine which pair to trade for that day.

In answer to your other question, the timing of entries is critical (also timing of exits). There are many times that I enter a trade before the TDI confirms but I base those entries on price action and things like pullback candle formations, double or triple tops, divergence, fibs, market harmonics, M15 TDI crossovers, H4 trends, etc...it just takes time, work and patience to learn when is the time to take an aggressive entry and when to be more conservative.....



The TMS entry would have been the open of the marked candle, which was the second red candle, and your 50 pip TP would have been hit.....at the open of that candle, the green TDI line had crossed over the red and was below the 50 line.....a classic TMS entry.

One trade today on EJ H1 on a break back below last weeks high and TDI green crossing red and below yellow.....entry about 40 minutes following LO confirmed by a pullback candle on the M15 chart. Take note of how many times price has tried and failed to break above last weeks high.....lots of hours and still no confirmed breakthrough.....





Two trades today.....both during Asian session....slept through London today, so no trades during London.



Q: I lose confidence in original decision to enter the market when I see the price turn a little against me. Which then causes me to close it at a loss, only to then see that its only a retracement and the price then continues (usually..) in my original trade direction.

Its incredibly frustrating to know what is wrong and recognise it, yet continue to make the same mistake everyday!!

Oh well..repetition and practice, and seeing it happen many more times, will I hope train the logical side of my brain to take over the emotional side in future situations.

I had trouble with this same issue when I started live trading. The way I was able to overcome it, was to spend some time back-testing and forward testing the TMS system on one pair and I kept a record of the number of times price went the direction I expected and the number of times it did not go my way, in each situation. Once you gain the understanding and confidence that when a certain signal happens (example: TDI cross out of overbought area or candlestick pullback pattern at LO or whatever you pick), and your stats show that 65% or 71% or 86% (or whatever percentage your testing shows you) of the time, price will continue as you expected it to, then you will stop getting out of your trades on any market wave. Once you have that information, you will enter trades knowing that your entry will get you the pips you want XX% of the time.....then you have an edge in the market. I specifically tested scenerios like the TDI cross in the overbought or oversold areas, or the cross of green over red, or the cross of green over red and yellow, pullback bar formations, news releases, etc.. I tested different times of day and different sessions and different time frames. I tested and recorded how many pips I gained or lost on every trade until I knew what worked for me. You can do the same but it takes some time and some work on your part.

Q: Sometimes the angle of the TDI is affected by the size of the MT4 windows. Do you get your size by enlarging as far as possible, and then clicking back twice? Do you ever enlarge the window and candles when waiting for a setup?

No, I do not click back twice. I have two 24" monitors and I have learned how the angles are based on experience and watching them. My platform is set one click back from the maximum and I leave it there all the time for trading.

Q: Is it so that you have backtested only to enter the market if the cross over/under the yellow market base line happens?? If so are there any exceptions from this rule? Thanks for any info . Regards Zack NOTE: I have never seen any advantage of the market base line.

I always look for the green and red line crosses but if the green crosses over the yellow at around the same time it crosses over the red, the trade will usually give up more pips than if green only crosses red. Also, I use the yellow line to help with trend....if green and red are below the yellow and the yellow is pointing down, I look for strong short trades especially if the TDI lines are also below the 50 line. There is no rule about the yellow line.....just some tendencies that I have seen.

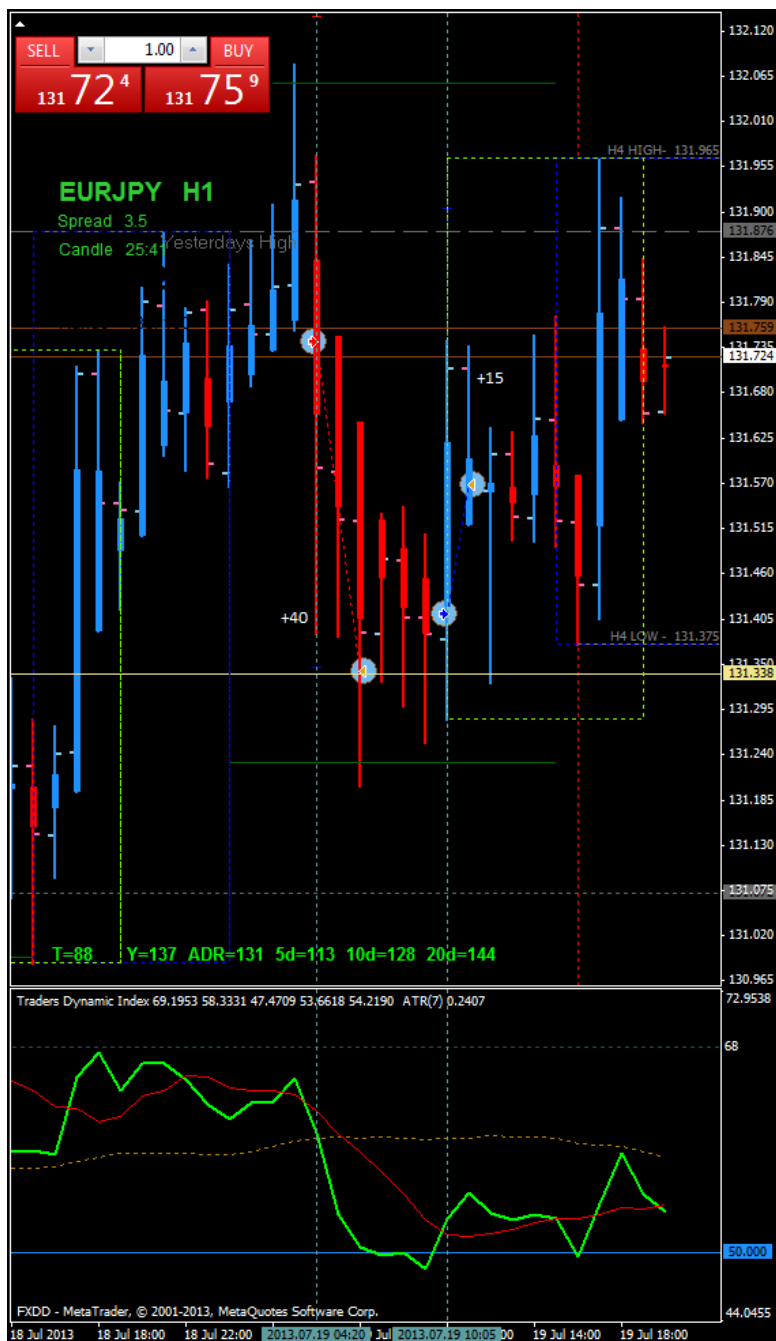
Q: The EJ, what stopped you from entering 1 candle earlier? That one also pass previous candle high?

That candle was an outside bar with wicks on both ends....no clear direction. I did break above the previous red candle but it also broke below the low of that same red candle. Which direction would you have traded....the break above or the break below? The TDI green was flat and on top of the red. On the entry candle, TDI gave a direction at the open of that candle and the break above confirmed entry. The previous candle also bounced off last weeks high adding credence to a long trade.

Q: Can you expand on the back testing especially the procedure, thanks sounds very interesting One pair at a time is a good idea too.

The easiest way to back-test is, over the weekend roll your charts back 3 or 4 months and then move them forward one candle at a time by pushing F12 on your computer. Each time you do this, analyze what you see and determine if there is a setup developing for a trade. From there, mark an entry on your chart along with a SL and "trade" it until you hit TP or get stopped out....then decide what you did right and what you did wrong and write that down....the push F12 again and move to another potential trade.

There is also a strategy tester built in to the MT4 platform but you will have to research how to use it and there are some EA's out there that you can speed up or slow down the process but it has been a while since I used one of those.

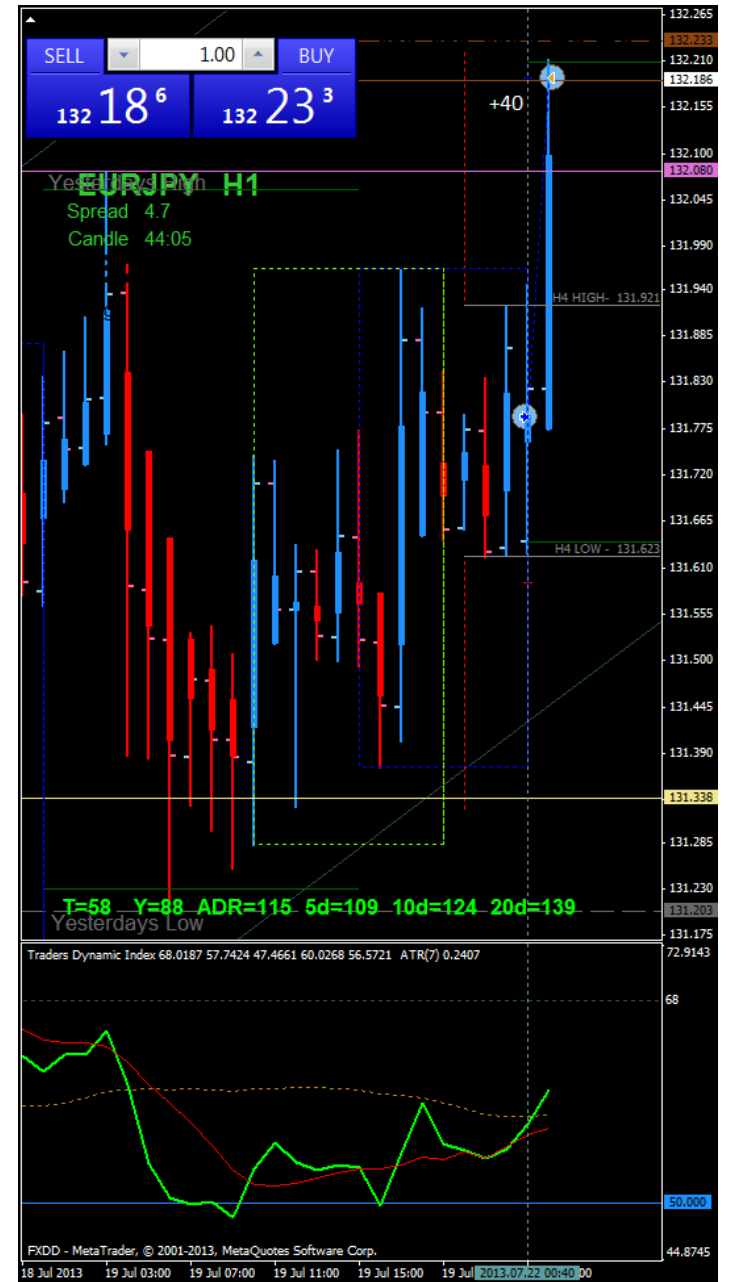


Two small EJ H1 trades today.....first one during Asian off a pullback candle and TDI cross.....set TP at last month's high. Second trade...entered off bounce of Monthly line and exited on second candle pullback for 15 pips.

Q: For your second trade, what does the monthly line mean? For this week on the EUR.JPY, I am glad to say asides from one trade, I have taken or at least considered seriously all the trades you have posted. Problem is, I have also taken other trades that weren't as effective. Before I was over analyzing, now I'm over trading.

I draw S/R lines on my chart from the high and low of last month and the high and low of last week.....they often are very strong S/R lines as you can see this week. I did have two small losses this week that I did not post.....one for -11 on a Asian session trade and -14 on a NY session trade.....I just don't see any benefit to showing them....everyone has losses so I don't know what anyone can learn from mine.....

A nice little 40 pip scalp to start the week.....overall trend was up.....week open (gap) was below Fridays close....looking for 15 or 20 pips....candle took off....closed manually for 40.....



A very busy week at my business....did not have any time to participate on this thread. For anyone interested....here are my trades for the week on EJ H1.....most were set and forget trades after the reached 21 pips in profit and the EA moved the SL to BE. I needed my sleep. Fortunately, none of them came back to BE. I keep a picture like this of all my trades week by week so I can go back and review them and learn from them.



Q: Tell us some reason to entry and exit your trades!

Trade 1 was posted earlier.

Trades 2 & 5 were scalp trades based on pullback candles, confirmed by TDI crosses....trade 2 was closed manually on a pullback and trade 5 reached the TP.

Trades 3, 6 & 8 were London session trades taken on the first entry signal following the LO....based on pullback candles and TDI crosses or bounces (#8 was a continuation trade). All 3 were managed by the EA and closed at TP due to work commitments. I monitored each of these trades until they reached or neared 21 pips in profit and then went back to bed due to work commitments 5 or 6 hours later.

Trade 4 was a classic pullback candle formation trade during the Asian session, entered on a break above the pullback candle and confirmed by the TDI. Did not reach the TP, so I closed it on a second pullback candle .

Trade 7 was taken after price bounced off the trendline for the 9th time and the TDI confirmed. Reached the TP.

All of the trades were taken within the rules of my trading plan.

EJ trades last week.

H1....lots of sideways movement at the beginning of the week....mostly scalp trading with entries on M15 crosses.....did manage a couple of nice trades later in the week.

H4....just one trade on H4....still using 1/2 lots as I continue to learn more about the H4 nuances....still a nice trade that barely hit TP. As Emmanuel had pointed out, there was some major resistance at that level, so I placed my stop right at the resistance.







One trade today on GU....I chose this pair based on upcoming scheduled news releases....no other news scheduled during London.....after LO I watched price create a double top on the H1 time frame....once price broke down below the previous candle, I entered.....the TDI had not yet crossed green over red but green had bounced off yellow and was sloping down. Green crossed red at the open of the next candle.....TP hit.

Two Asian session trades so far today....the AU H1 trade taken on a break below the two previous candles about 10 to 15 minutes following the Aussie building news announcement....moved TP to 100 pips which was hit. The other trade an EJ H1 trade also take on a break above the two previous candles. We had



divergence on the TDI and price was due for a correction so I was looking for a long signal.....also there was room for 50+ pips before hitting the downtrend line...TP hit.



Three EJ H1 trades today...first at the beginning of hour 3 of London following a pullback from the trend-line and a TDI cross. Price did not reach 50 pip TP.....closed manually on a pullback. The second trade taken following the US

GDP and Employment news releases and a cross of the TDI...green over red, yellow and the 50 line....TP hit. Trade three was a scalp trade following the London close and a pullback candle formation with TDI sloping down but not yet crossed over.....TP set for 40 but price pulled back....closed manually.

Q: How many pips has the price to retrace for your exit out of a position ? Do you put every TP for 50 pips ?

The answer to that question depends on many factors...time of day, market volume, my time schedule, how long I have been in the trade, pending news releases, etc. Sometimes I will exit as Big E used to do....on a retrace of 5 or 6 pips, especially if I am scalping.....other times I may take a drawdown of 20 or 25 pips if the candles are big....mostly that decision is based on my past experience and hours and hours of studying price action and market behavior of any given pair.

My EA is set to place a 50 pip TP and 50 pip EMERGENCY SL on every entry...I then adjust those numbers as the trade progresses. If I am "scalping", like the last trade today, I moved the TP & SL to 40 pips each.....the TP was not hit so I exited manually on a pullback. I have only hit the 50 pip SL once or twice in the past several years. Usually I will trail the SL a few pips behind the previous candle each time a new candle forms and I will move the TP further away if price is moving quickly and the candles are large with no wicks on the back end. My EA is set to move my SL to BE after 21 pips.

Q: I would like to ask about your second trade , where you draw trend line, actually I thought that there was an earlier entry after the bullish engulfing candle, entry on new candle , but your entry is at a higher price almost top of the trend line?

Yes, per TMS guidelines, the proper entry would have been where you marked it in your post....at the opening of the second blue candle. However, the opening of the candle you marked was also the open of the NY session and there were some news announcements scheduled for 30 minutes after the session opened. I don't trade the news and would not enter a trade before those announcements were made. I waited until news moved the market up and then price retraced before opening the 2nd candle of the session. After it cleared the trend line I opened my trade. I knew there were a couple of medium news announcements coming but the next major one was the FOMC statement scheduled for several hours later. Knowing this, I took a chance and entered in the direction that news moved the market originally and that was confirmed by a TDI cross and break of the trend line.



Three trades today on EJ H1.....the two winners were also taken and posted by others in this thread. All three trades were classic TMS trades taken at the open of the second candle following a color change and confirmed by a TDI cross (I disregarded the doji IB on the first trade as a color change candle). On the loser, price failed to continue following a pullback of the LO candle.....also known as a LO fake out candle.....that happens quite often and is not unusual.

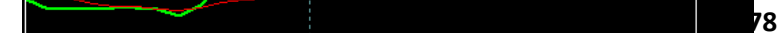
Q: I wondered on your third trade did I spot that there was divergence and if so did that play a part in your decision to take the trade? Also in your study guide part II you talk a lot about the 200 ema, is this something you still use?

There was no divergence....price was in an uptrend and the TDI was also moving up....

Yes....I still have the 200 EMA on my H1 charts and when price is around that EMA I treat it like any other support or resistance line....in the case of my third trade, price had already broken through the 200, came back and tested it with the first two candles of London. The next two candles stayed above the 200, then price tested it again before pulling away. Entry was made at the open of the second blue candle following NY news and price then pulled away from the 200. If price had moved back down through the 200, I would have waited for an entry signal to go short. I am always cautious about entering a trade until I see what is going to happen with

[illegible]

1.51800

[illegible]

the time frame. Once you get the picture in your head that the market moves in waves, It becomes easier to trade it.

Q: What do you think, should I trade about 8 currency pairs, or specialize just for one or two currency pairs ? (for H1 Trading) I installed the two indicators you posted and i think the work. My broker uses GMT +0 time (IBFX Australia) and I have just the question what period B is? This times I have set: London : 7:00 AM GMT - 16:00 AM GMT New York: 9:00 PM GMT end (Period B end ?) Assia: 23:00 GMT - 8:00 GMT I will download the CaveManager from here. Would you give me your settings so I can use them ?

I learned to trade by focusing on only one pair (EU) for almost 2 years.....I tried to learn everything I could about how the pair moved, what caused changes in that movement, times to trade and times to stay out of the market....back tested and forward tested for hundreds of hours.....etc. From there, I branched out to another pair and finally, now have 4 pairs on my platform. You will have to decide what works best for you.

On the Breakout Boxes, period B is for the session closing.....put in the time the market closes on your platform and if it the same day as the open, put 0 after nextDayB....if the close ends on the next day on your platform, put 1.

CaveManager.....you will have to set the time and day information for your location. I only use a couple of pieces of the manager.....Capital Protection is set to true with 21 as the number.....once price gets past 21 pips, the SL then moves to BE. I have my SL and TP set at 50 each. And finally, I have the Trail By Candle set to true with the pips behind candle at 10 and Activate After Pips set to 16 and the EA is on my M15 chart, which is also open next to my H1 chart. The EA trails 10 pips behind the previous candle but not the APB candles....it trails the JAPANESE candle lows or highs. Then at the end of the setups, I have located the EA on my chart at Xshift 15 and Yshift at 190 with Show Status at true.....you can make whatever you want. Everything else is set to false.



Nice start to the week.....AU has been in a downtrend to the past 6 days.....nice TDI short entry following a pullback bar formation.....entry on the open of the second red candle.....news helped me reach my TP.....price had already moved more than 21 pips before news, so I was in for a 50 pip TP or a BE trade.....hit the TP.

I also took the GU H1 trade.....a continuation trade.....all time frames in an uptrend.....entry on a break above the Frankfurt candle.....already in profit +40 pips BEFORE GU news announcement with SL moved to BE, so a no risk trade.....reached the TP.....off the bed to get a couple of hours sleep.....

Q: I see previous H4 candle high/low lines on your H1 chart. Is this useful or convenient in any purpose? Do you also count H4 candle breakout when you trade?

I use the Month, Week, Daily and H4 highs and lows as S/R lines in my trading. As with all S/R lines, sometimes they hold and sometimes they don't. The H4 lines make good targets for scalping trades and on the M15 charts, price will usually test the H4 high or low at least once before breaking through. I don't use those lines for breakout trades.





Two EJ H1 trades today.....one during the Asian session.....set TP to +40 instead of +50 because I did not know if the trend line would hold or not.....price did move the +50 pips but +40 meets my goal for the day. The second trade, taken following LO did not go to TP.....came back and hit BE.



Two EJ H1 trades and one GU H1 trade today.



The first four trades on the EJ chart have already been posted but I included them here to show that trend lines can also be resistance lines. Trades one and two were confirmed by bounces off the purple trend line.....trade three broke the purple trend line so a new aqua trend line was added at the new high.....trade four was taken on a bounce off that line but ended at BE. Trade five tested the aqua trend line for 3 hours and that trade was entered on a break below the previous candle and TDI cross....price failed to return to the aqua trend line so a new red trend line was drawn from the new high.....again price tested that line for three hours....entry for trade six was taken on the second red candle when price broke below yesterday's low and the TDI green crossed red and yellow. Price again tested the red line for three hours and entry for trade seven was made below the resistance lines without TDI confirmation but green was sloping down.

The GU trade was entered 30 minutes AFTER the GU news releases at the open of the second blue candle with TDI confirmation of green over red , yellow and the 50 line.....moved TP to 100.....TP hit.



I also took an AU trade during the Asian session on a bounce of green off yellow and just crossing the red.....with a break above the 1st blue candle.....

Q: Do you trade the news? How to manage the trade that's running when the major news are coming soon? What kind of news can take big effect on market?

Those are pretty broad questions.....what news?...London session news?....New York session news?....Asian session news?.....High impact news?.....Medium or Low impact news? Perhaps you should read some of the information in this thread.....the answers are there.....including the quote from Big E that Oaktree posted on this page.

General answer.....NO.....I do not trade the news releases. If I am in a trade and there is profit locked in prior to news, I may let it run but never before Major, High Impact news like Non Farm Payroll or FOMC releases or similar news. Most of the time I will close out trades 15 to 30 minutes before major news. I will, on occasion, when I get a signal, enter a trade 10 to 30 minutes AFTER news has been released, if no other releases are pending and if the news release increased market volume. Forex Factory has made it quite easy to predict what news releases will move the market.....look at the calendar they provide every day.....

The TMS system is not a news trading system.....if you want to learn what is taught here, read the thread or at least posts by Big E and others who have made this system work in their own trading.....the information is there...you just need to search it out and apply it to your trading.....if you are interested in trading fundamentals (trading the news), you need to find a thread that teaches that.....

As I explained earlier.....this trade was "a countertrend trade entered based on a triple bottom at the London session low (solid white line) and a break above yesterday's low.....entered before TDI confirmation on the H1 but the TDI had crossed on the M15." It was not a classic or typical TMS trade. It was a price action trade and I took it because price tested the low of the London session on the last red candle and the first blue candle and was rejected both times.....I entered based on that criteria, not on a candle color change or TDI H1 cross.....as I stated the M15 had already crossed and that candle had turned blue.....that just confirmed the reversal for me.





One EJ H1 trade today....I had to close it manually since I am headed to work and because price pulled back from yesterday's London session low that has already been tested and failed twice before.....price did not quite reach my 100 pip TP.....closed manually for 88 pips. Entry was taken on a break below the second candle of London. The high of the session was set by the first candle which pulled back....the second candle also tested and pulled back.....entry was taken based on these pullbacks.....the TDI had not crossed yet but was sloping down.....M15 TDI had crossed and was on the third red candle.

Q: For the 37 pip trade that you took on the pullback, how did you know to exit at 37 pips? It was a good call and you exited right at the bottom before retracement. If I took that trade, I would not have been able to make that decision. The earliest I might have exited would be the next candle because the price stalled and an IB formation happened. Is there a some resistance that I missed?

No....there was no resistance that I saw....it was an Asian session trade and after 30 to 35 pips, unless there is some news coming, I don't expect price to move much more than that without a retracement....so in this case,

when it pulled back 5 or 6 pips, I just protected my profit. The price action was very slow and seemed to be slowing down even more. If price had pulled back and given another entry signal short, I would have re-entered....



A nice start the week.....a little EJ H1 trade.....from the open of the day, price moved down through last week's low (purple line), then tested last month's low (yellow line) twice before moving long.....entered on the third bounce with the TDI green crossing red.....price may move up more but I am out with my normal TP.....

Q: That was a nice trade at the bounce off the BRN 128.00., but the TDI green did not cross the red at that point when you entered, the TDI only crossed when that H1 candle closed. Prices tend to react at price numbers ending with 00 25 50 and with increase in tick volume.

Q: H1 candle before that H1 doji is a huge red H1 candle and the H1 TDI crossed down. and with that H1 doji, the APB is still red. If you followed that H1 candle in real-time, that H1 candle where he open his trade was still red APB. IMHO, that H1 trade was not classic TMS.

Q: For new TMS traders, seeing just H1 alone it would be very difficult to see how that H1 trade would have been taken even with price action- a huge red candle follow with doji even with s support below does not make that entry a high probability one. No doubt that trade ended up +50pips made that all good. . but with M15, the setup with TDI and APB is very much clearer. I followed X-man S3 H1 trading and his method is price action entry with TDI cross to confirm.

You are correct about the bounce at the Round number but you are incorrect about the TDI cross.....the TDI crossed at the OPEN of the candle where I entered.....not the close. If you follow the vertical line down to the TDI, the point where it crosses the TDI is where the TDI was when the entry candle OPENED. In addition, there was also a bounce of the green off the oversold area that I did not mention in my comments....I took the trade realizing that it was not an A+++ setup (time of day, candle not yet changed colors, entry on 1st candle color change) and if price had retraced below the monthly low again, I would have exited with a small loss.....I also took the trade based on what I saw on the charts with bounces of price off the monthly low.....it did not just hit that low and bounce right back up....it tested that resistance for 2+ hours before moving back up.....that, coupled with the TDI crossing on the H1, a good setup on the M15, a bounce of the TDI RSI green off the oversold area and the TDI cross of green over red were enough for me to enter the trade. IMHO, the long red candle was

an indecision candle verified by the long wicks at both ends of that candle. Also in my opinion, that candle was negated by the items I described above.

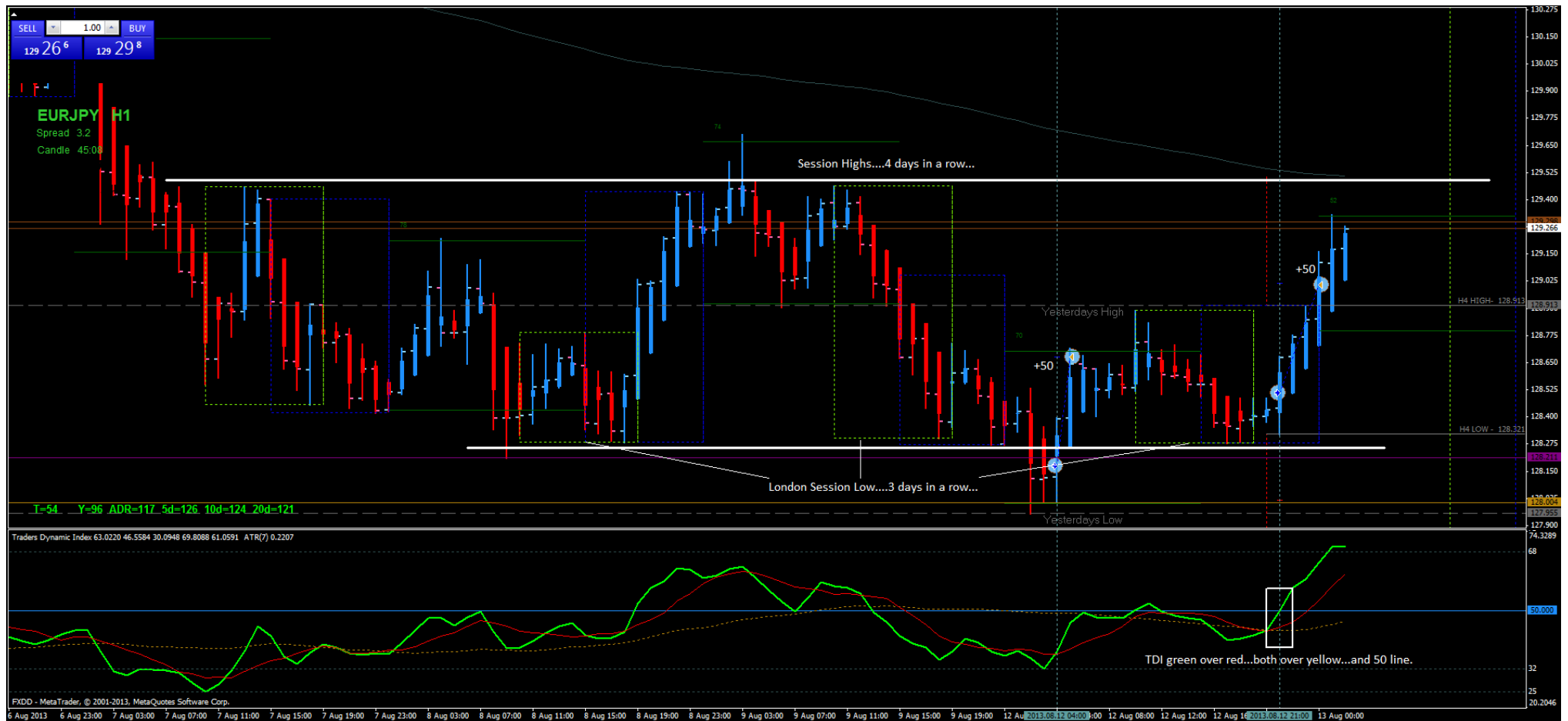
If we look for reasons NOT to enter trades or if we look for reasons TO enter trades, we will find both. I choose to focus on reasons TO enter trades and when I find enough reasons to enter, I do so. In my earlier trading experiences, I have done the opposite and looked for reasons NOT to enter trades that later proved to be successful trades....only I was not in them, so I missed many opportunities to earn pips. When my mindset was to find reasons not to enter trade, I also exited many trades too early and missed lots of pips. Once I changed my outlook and started looking for reasons TO enter trades, my trading turned around and I began to learn when to stay in trades to earn those pips. I have found that focusing on POSITIVE reasons to enter and stay in trades nets much better results.

Q: phx works on the H1 chart, he doesn't wait at all for a definite cross of the tdi, he watches price action and support/resistance first with the tdi as confirmation, not the other way around like someone might on the H4 chart. It also wasn't just a BRN, it was last months low as he pointed out.

I appreciate your efforts to learn and understand this trading method and explain it to others. It works for me and I think some of the rest of you are having some success with it, as well. The main reason I continue to post trades and stay active in this thread is to help others learn how to be successful with this system.

I use TDI as a confirmation tool.....remember that the TDI is a lagging indicator and it lags behind price, so if we can watch what price does, we can make good early entries to earn pips and confirm our decisions with the TDI. If I had waited for the entry candle to turn blue on the trade I posted, I would have not reached the TP. A positive outlook and focusing on what constitutes a good trading opportunity, then taking that next step to enter and stick with a trade will make you successful. We all must make good entries and exits to be successful...

Just completed another EJ H1 trade.....I made some notes on the chart.....entry was taken on the third blue candle since the first two were small doji candles.....entered on a break above the two dojis and a cross of the green over red and both green and red over yellow and the 50 line.....took the 50 pip TP because I am not sure what the ranging market will do next.....





EJ H1.....Re-entered the trend at LO.....exited on a hook over of the TDI green and the M15 showed a couple of red candles.....

Q: I have entered the eur/jpy short trade. The price is returning from the monthly pivot point.. hope the trade goes in my direction.

As a general rule, once price moves in one direction for 70 or more pips on the EU or EJ, it will seldom reverse and move the opposite direction without a period of consolidation (a big news release can move it).....I would not expect price to move short very far unless there is some consolidation first...but there can always be an exception to that rule in my trading plan.....

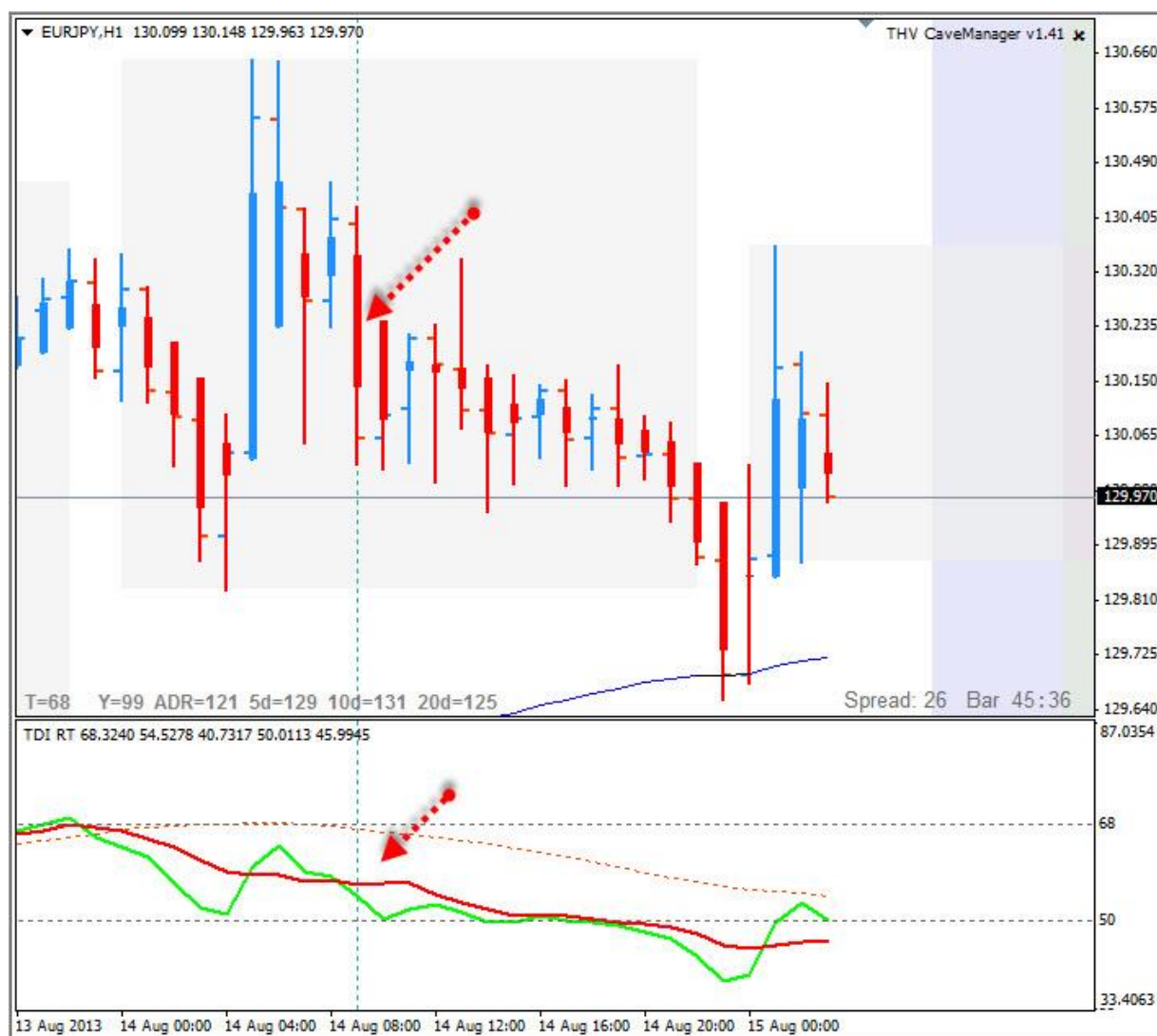
Sorry to disappoint but no GBP trades for me today.....picked up a couple of pips before LO on EJ.....no really good setups since price is again consolidating and ranging.....caught one good move up.....barely hit my TP.

Q: Can you tell us the reasons for your second trade? The one you grabbed 50pips.

Sure.....on the H1 time frame there was a change in candle color and the TDI had bounced off the 50 line and was crossing the red. I also keep a M15 chart open next to the H1 when I am trading (see the attached M15 chart to see what I saw at the time I took the trade). On the M15, price had created 3 blue candles and the TDI green had clearly crossed the red, the 50 line and the yellow MBL. I do not trade off the M15 time frame but I use it to confirm what I see on the H1....in this case, what I saw on the M15 confirmed what I saw on the H1....so I entered. Because of the low volume, I was not sure it would reach the 50 pip TP, so I monitored it closely....there was no exit signal on the H1 or the M15.....all the candles stayed blue until the TP was hit.



Q: Can you share me why you did not take trade at the three candle and TDI already cross at LO session?



Look carefully at the two candles previous to your entry candle.....they both have very long wicks at both ends.....that indicates indecision in the market. If you count the candles with long wicks at both ends from your arrow to the left edge of your chart....you will find that 7 or 14 of them have long wicks at both ends. Yes, the TDI is crossing but there is no trend direction and no volume to move the market.

Roll your chart back a little and look at the candles on the last long move up.....try to see any differences in the candles and in the TDI.....you will see that very few of the larger candles have wicks at both ends.....and you will see that the TDI green crossed over the red line, the yellow line and the 50 line.....a good trade setup. You have to learn to trade only the setups that meet your criteria.....

The market is ranging right now and that is not unusual for this time of year....in the next 3 or 4 weeks, the market makers will return from holiday and move the market again.



Three trades today on EJ H1....

1st trade...BE trade....could have closed it for a few pips but I was having dinner with my family and the EA closed it at BE.

2nd trade...nice TMS trade....setup candle before LO....took trade at LO with TDI cross of green over red and the 50 line...and about to cross the MBL.

3rd trade...taken following US news releases....was away from computer at NYO or I would have entered sooner on the pullback candle....did not hit 100 pip TP...closed manually.....nice TDI green cross over red at open of the entry candle to confirm entry.

Q: Do you consider the previous your entry candle is a very long wicks at both ends? I mean at the second trade..

No....the blue setup candle was a pullback candle from the news release....if you will notice, the long wick is only on the top....the one on the bottom is very small. My entry should have been just below the solid white line when price pulled back into the range. If I had entered there, I would have reached my 100 pip TP but we all know that hindsight is 20/20.....

Q: Do you stay awake for most of your trades or do you wake up once per hour?

I try to trade the first 3 hours of London...if there is no setup, I will go back to bed and get up at the top of every hour until I find a setup. If I get a good trade during the Asian, sometimes I will skip the London session. On all my trades, I monitor them until they reach at least 21 pips in profit and then, depending on my work schedule, I will let the EA hold the stop at BE and either take BE or 50 pips.....

Q: Could you confirm with me on your 15m chart, did you base trade #3 on the red reversal candle as shown on the chart attached? I didn't see any color change on 1 hour. Just the strong price rejection at resistance. No red candles though.

I entered the trade based on the pullback bar formation on the H1 chart.....the setup candle pulled back a long ways and when the entry candle opened, the TDI crossed over and I entered shortly after the

open of that candle.....If you go back and read some of my previous posts, I explain how dependable pullback candle formations are and once that setup candle pulled back, I was confident that the high of the session had been set and price would move down from there. Price had broken resistance (white line) but could not hold the position and moved right back down below the resistance area.....my entry should have been placed as price moved back below the white line but I was not at my computer then. The M15 chart was not considered in this trade.

Q: I find your entries were made on the same candle of green crossing red (Is this you call LO?). How do you know this move will go? The market can also reverse in the same candle. The EA that you are using makes the entry exit or is it managing your manual order for BE/TP? Please let me know in which post I can find. After reading lot of post I made entries in my live account in H4. Most of the orders move about +50 and returns back to BE...

LO refers to the opening of the London session.....LO = London Open.....

The TDI is very dependable on the H1 and H4 time frames....when the green crosses at a sharp angle, price will usually follow suit.....if you want to be confident of that, pull up some old charts and backtest how many times price follows through.....it will surprise you how many times it does.....in my notes somewhere I have the numbers to verify that.

I can preset the EA to enter a SL and a TP at any level....I currently have it set to enter a 50 pip TP and a 50 pip SL when I open any trade (I open all trades, the EA does not open trades), then I can adjust those levels as the trade progresses.

On the EJ H1, when the ADR is above 100 or 110, a 50 pip move happens quite often, especially during the London session....that is why I start with a 50 pip TP.

I have 4 pairs on my charts and I decide which one to trade based on the ADR of each pair and what news releases may cause price on that pair to move....I do not trade the news.....I wait for 15 to 30 minutes following news releases before entering. The pairs I have on my chart are the EJ, EU, GU, AU.....and I normally only trade one of those pairs at a time.

I learned to trade successfully by focusing on one pair only for a year and a half (EU). I studied and learned everything I could about how that pair moved and what times to trade and backtested and forward tested with the TDI and price action (candle formations, etc) until I understood when to enter a trade and when to stay out of a trade. The ADR on the EU dropped significantly, so I moved to the EJ and AU....and learned all I could about them.....I now trade the EJ because of the higher ADR most of the time.

Q: I'm referring to the second trade (start of LO session).

London Open is a unique time to trade.....that is the only time I would trade on a candle like that.....I have spent lots of hours studying how price moves around the London Open and occasionally will enter based on what I have learned.....in this case, I did have TDI confirmation and except for the long wick on the bottom, a good setup.....I guess my answer would be, I entered based on past experience....



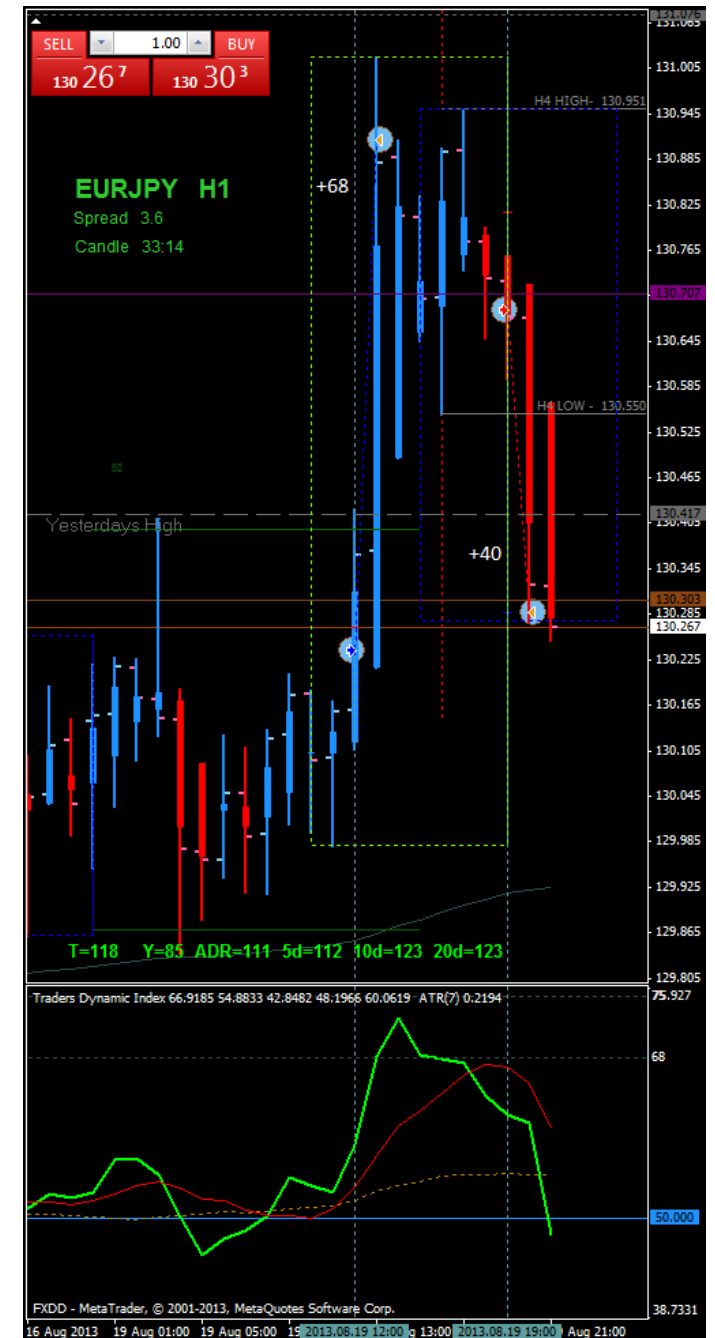
One trade today....EJ H1.....taken on a TDI bounce of the green off red and yellow and a break above the previous session high. Did not reach 100 pip TP....closed on a sharp pullback of price and TDI green in the overbought area.

Q: I'm wondering what made you decide to take the trade at that price and not near an area such as yesterday's high? I wasn't able to enter until price hit around .40 myself. the few previous candles before your entry showed no clear trend in either direction. Was this a pure tdi trade? If it was a price action trade, what would have been the reason?

It was a TDI based trade along with a break of the high of the previous 8 candles.....you say there was no clear trend....trend is determined by higher highs and higher lows (or lower highs and lower lows)....in this case, the entry candle itself set a higher low and at my entry point, a higher high over the previous 8 candles which, in effect, created a new trend.

Also, I have learned over time that for Euro pairs (I have not tested other pairs), the high or low of the London session is normally set during the first 2 or 3 hours of the session. This happens regularly. In this case, once price set the low of the session, I expected price to continue long and it did.....

Just finished a second EJ H1 trade for the day.....entry on a reversal candle pattern and a cross of the TDI...green coming out of overbought....only went for 40 pips because the red and green were both still above the yellow MBL and the London session had already closed.





Two trades today on EJ H1....

1st trade.....taken during the Asian session following a pullback candle reversal pattern....entered on a break below the pullback candle with the TDI green below the MBL and crossed over the 50 and ready to cross the red.....TP moved to 100...did not get hit.....exited manually on a pullback.

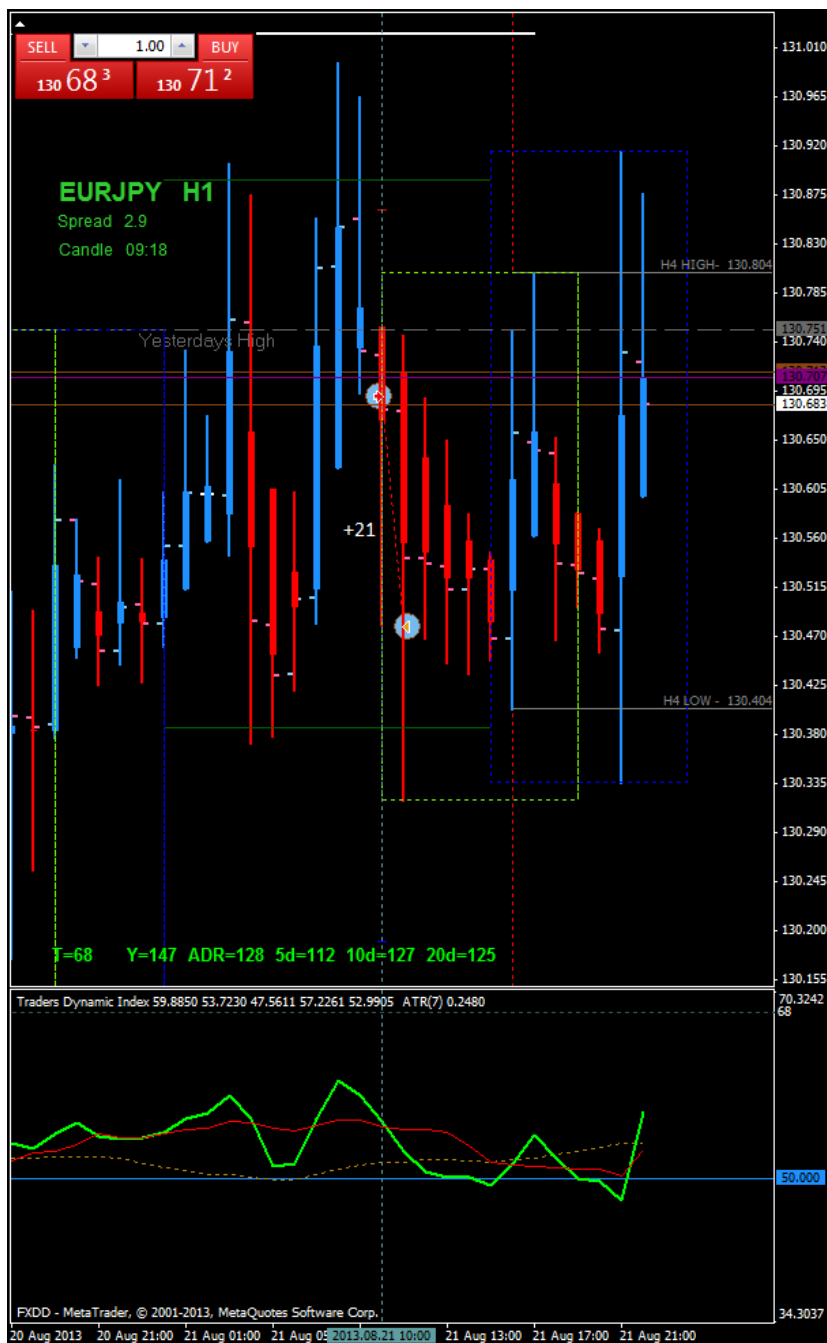
2nd trade.....taken following the pullback of the red LO candle and a break above yesterday's low....TDI bouncing off the 32 line and about to cross the red....both below the MBL, so I only targeted 50 pips.....TP hit.

Q: I decided to be aggressive because at this time of day, usually when I'm conservative I end up shorting at the bottom of a move or going long at the top... Maybe I should consider smaller tfs...

When there is high volume in the marketplace, that is the time to be conservative because price will usually move 3 to 8 candles in one direction during the London session.

In this case, price had already move up over 80 pips from the London Open. On Euro pairs, once price moves in one direction more than 60 pips, it will seldom reverse without going through a consolidation. In this case, I would never have shorted the pair because there was no consolidation. You needed to wait to see if price would consolidate and then reverse or if price would retrace a little and then move on up. It did the latter.

I would suggest you spend some time back testing for yourself the scenario I just described. See for yourself what happens when the EU moves more than 60 pips in one direction during the London session. That will give you an edge to know what to expect when you see this price pattern again.



Only one small trade today on EJ H1, taken at LO. I am out of the market until I can find a valid entry.

Q: I happened to take this trade as well at the same price. However, I entered due to it being a pullback and did not wait for the next candle to close red to make a reversal pattern. It was mostly fear of losing out on pips. What would have been the correct rationale for the entry?

I am careful taking trades just before the LO. I often am unsure what the volume of the LO will be, so I look for a direction. In this case it followed the pullback reversal candles and moved down and you read the chart correctly. My other concern in taking the short was that the MBL was still below the green and the red, usually indicating a shorter term trade.....

I took the same one plus on earlier, during the Asian session, both TMS trades. ➡

Q: I would like to ask you about your first trade sir, is this 2 Bar Reversal candle formation with double bottom or I can say 2 bar reversal with tweezers bottom?



You are correct....what we call it is not really important....the important part is recognizing the pattern so you can act on it. I would not call it a double bottom because the low the two candles were several pips apart....I would have called it a pullback candle reversal pattern.....again....call it what you want but the important part is to SEE it. And yes....entry was taken on a break above....



Q: Attached there are two trades that I took today.

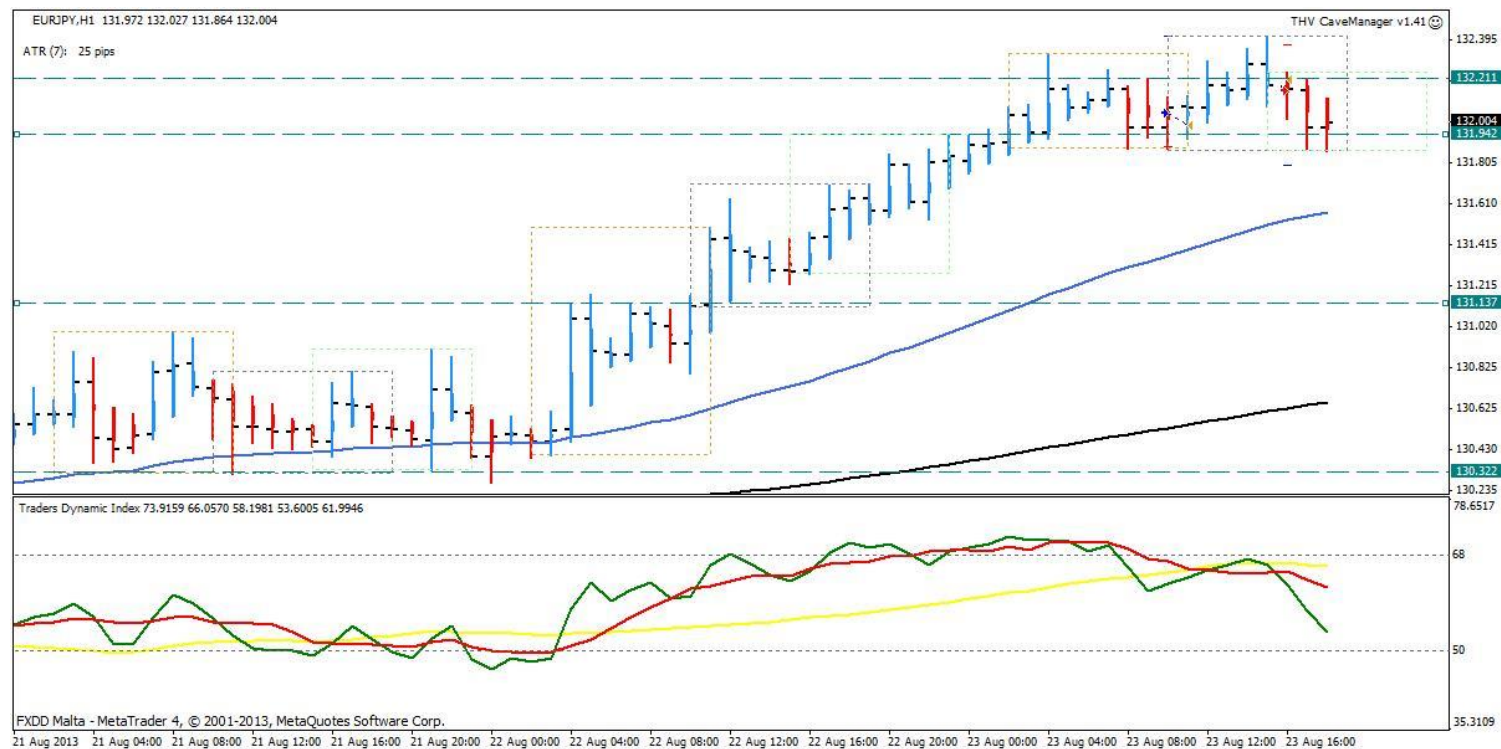
First one:

- just price action
- I saw a double bottom on LO
- entered a bit early looking at M15
- exited was a mistake, but I saw a double top on LO and next candle, so exited.

Second one:

- divergence
- TDI cross
- NY open pull back
- entered on the open of the second candle in the NY session.
- exited on the next candle because of the pullback...if I stayed in I could grab 25/30 pips near the Asian low.

I think the entries were good. But I have to fix my exit rules. What do you suggest? About the second trade, would you exit with a small loss only if the top of the red pullback would be broken?



A couple of things I see.....the candles leading up to your first entry have long wicks at both ends and small bodies on them, indicating that there is no momentum or direction in the market.....that would be the time to be cautious about entering any trade.....with that being said, the one time I might make an exception to that observation is at the LO, because of the momentum that session usually creates. Second, your entry and then immediate exit, indicates a lack of confidence in what you saw that caused you to enter the trade to begin with....a double bottom....you need to back test and forward test double bottoms and see how often they are successful in predicting a trade.....the same thing with TDI crossovers....how often are they successful in gaining pips? On your second trade, you use divergence as a reason to enter....have you back tested and forward tested the charts on EJ H1 to see how often divergence turns into a successful trade? Once you gain confidence from back testing and forward testing entry signals like TDI cross or divergence or double bottoms or candle pullbacks, then you will not be so quick to exit when price moves a few ticks in the opposite direction. Once you do that, you will begin to "see" and "read" the charts.....then the light bulb will go on and you will say.....that is so easy now.....why didn't I see that before?

Exits are subjective, based on your trading philosophy. If I don't have a set target, I will exit when I see the price action slowing down, or the candles becoming smaller and pulling back more. That also comes from learning to "read" price action and the charts.



Took 2 trades on the EJ H1 today (actually trade one was entered before the NY session closed yesterday. Both were TMS trades based on TDI crossovers....the 1st one was taken following a break below consolidation. It was basically a scalp trade that continued to my TP. I was trying for 20 or 30 pips but price did not give me a reversal or exit signal, so I stayed in. The 2nd trade was taken following a retracement after the 1st trade....and then a pullback and candle color change.....entry was made on a break below the setup candle.....I moved the TP two times...from 50 to 100 and from 100 to 150 after price consolidated a little at the trend line and then broke through. I took 1/2 profit at 100 pips and let the rest run to 150. Overall a good day trading.....

I finally have time to post my trades from this week....had a very busy week with the family business with extra meetings and company changes....made some trades early in the week on EJ H1 and one Asian session trade on EU H1 on Thursday evening.....did not trade the London session on Thursday or Friday mornings due to early and late meetings and needing some sleep. The next couple of weeks will be more of the same.....







One EJ H1 trade taken on a break and close above the downtrend line, followed by a break an close above the last London session high, with the TDI green over red over yellow over the 50 line (even though the cross occurred last Friday).....a more conservative entry would have been to also wait for a break above the Friday high but the set-up candle made a strong move up, so I entered before a break of that high.....Euro news releases were positive, helping the entry reach TP.....TP moved to +100 and SL moved to +50, locking in the first 50 pips.....if news had reversed price, I would have exited manually with a smaller profit.

One EJ H1 trade and one GU H1 trade today on live acct.....



Q: For the GBP trade, what made you pull the trigger to go long? The tdi was above the MBL and the price did break past the last 10 candles or so, but the candle you entered at was a pullback. In which situations would you consider pullback a reversal signal? Or did you enter during the beginning of the candle and price went up then back down but you decided to stay in the trade?

I watched the setup candle close above the Asian high with the TDI green over red over yellow. Then at LO, I entered long following the open of that candle. The pullback on that candle occurred after I entered. The trade did not really take off until after the GBP news, an hour and a half after I entered. I was prepared to close the trade if news pushed price down. I had already moved my SL to just below the low of the Asian session. Price continued long, so the TP was hit.



Took one EU H1 trade following a break of the LO candle above the Frankfurt candle. It was a risky trade since the TDI green had not crossed over the red and the yellow MBL was also above the green and red. My TP was barely hit before price reversed.

I am also demo trading gold.....there have been some nice moves during London but my broker in the USA (FXDD) does not allow leverage trading on gold. Gold trades are 1 to 1 leverage....so a standard lot is \$1 instead of \$10. When I trade \$1 lots, I would be earning \$1 per pip on a standard lot. No leverage also means that my account balance must be substantially higher to enter any trades. The spread is normally 5 to 60, meaning my cost to enter a trade is 5 to 60 cents per trade. Trading this way gives me a little different and interesting perspective of the market.



The screenshot displays a MetaTrader 4 trading interface for the EURJPY H1 pair. The main chart is a candlestick plot with blue and red candles. A green trend line is drawn across the chart, and a red line indicates a short trade opportunity. The chart includes various technical analysis tools like trend lines, support/resistance levels, and volume bars. The TDI indicator at the bottom shows a green line with a downward trend and a red line indicating a short trade opportunity.

Key elements visible in the interface include:

- Top Panel:** EURJPY H1, Spread 2.8, Candle 09:13, 131.66.
- Chart Area:** Candlestick chart with blue and red candles, green trend line, and red line indicating a short trade opportunity.
- Bottom Panel:** Traders Dynamic Index (TDI) indicator showing a green line with a downward trend and a red line indicating a short trade opportunity.
- Right Panel:** Price scale from 131.615 to 133.370.
- Bottom Panel:** Time scale from 2013.09.09 00:00 to 2013.09.13 16:00.

311

have actually bought. Even if I did short, I would've waited until price broke or at least headed down near the low of the pullback candle. What signals did I miss that would indicate a short?

It was a price action trade.....there was a double top on the two candles just before LO.....then the first two candles of London set the high of the session and created a second double top..... the fifth candle (blue) tried to test the London session high, then pulled back.....the next candle was a red candle that moved short and pulled back but once the entry candle moved short a few pips following the open of that candle and the TDI had crossed over red and the 50 line, I took the trade. Part of that decision was based on my testing that shows most of the time the high or low of the London session is set in the first two hours and then quite often, price will move in one direction for several hours.....this was the case this morning.

Q: Studying your charts makes a lot of sense, and shows that simplicity is all we need to trade this TMS and PA I would like to ask you about your first trade on 09-09-2013 long , entry was taken way into the top of the candle, the setup candle moved actually way far north what made you take the trade?

The setup candle was the final candle on Friday. The entry candle was the opening candle of the week.....there was a two day gap between the two candles and I would not trade any setup on the final candles of a week. The entry candle opened just below my entry (you can see the light blue tick on the left side of the candle where it opened). I really only intended to scalp a few pips on the open of the week based on the strength of the move over the weekend but price gave up the 50 pips (barely).

Q: (1) When you entered in the bar before LO on Tuesday, why didn't you enter in the previous bar when price broke the previous day's high and the Asian session high?

(2) When you entered in the bar 2 hours before LO on Wednesday, did your reasons for entry include all of the following: H4 divergence in overbought, H1 green moving below MBL which was in overbought, and H1 bearish engulfing bar?

(3) When you entered mid-bar in the bar after LO on Thursday, were your reasons just trend continuation and pullback from potential high of the session in the first two bars?

1. Price broke through the resistance but failed to sustain its movement and immediately pulled back. I waited until I was certain that price would continue long before entering the trade.
2. Price set a new high and then tested it without breaking the high, creating a double top. With a break below that candle, I took the short confirmed by the TDI moving down out of the oversold area. I highlighted the area where even the yellow MBL had entered the oversold area and was flattening and turning down. I also had TDI confirmation of green below red and yellow.
3. Yes....as I stated on the chart, I was still only looking for short trades based on the TDI and was looking for the high of the London session to be set in the first 2 hours. And finally, as you picked up on, price was still in a steep downtrend and I expected that to continue or if not, then go into consolidation.....either way, I would have been ok. Price did move down some and then consolidated for a couple of hours before continuing to the TP.

Trades I took this week on the EJ H1. One trade taken at the open of the week and one Asian trade based on price action (Inside bar pattern). That trade was not a TDI trade even though the green was over red and yellow and the 50 line.....the trade was not taken if the first two candle following a crossover. The other trades were all taken at or near London Open.....today was a fake-out candle that I exited for a loss.....still a profitable week thanks to FOMC news moving the market.



Q: On your third trade (the one with +22) , we had a break of previous structure. What made you close the trade at that particular point? Green was above red and yellow and 50, without being overbought so all signs were bullish... Thank you very much for sharing the chart for all of us to learn...

The second candle was a small inside bar and closed below the open which was my first warning sign. All three of the first candles had pullbacks that I did not like so I exited when the third candle began to pull back. There just was not much momentum. I like to see some momentum during the first couple of hours of London. If it is not there and there are no big news announcements pending, price usually doesn't move much until the NY session....and sometimes not even then.

Q: Sir when I read your posts, I see that you take trades when PA test the high or the low of London Session and fail to break , then the setup candle change color to opposite color, I'm not sure if TDI would cross in this case yet, because an aggressive entry is taken on the pullback from the high or the low especially after like 3 test in the m15 or 2 hours in H1.

Can you share some thoughts and hints in this regards, I would like to test this even more and come up with rule for my trading plan.

When I was doing lots of testing and trying to set up my own trading plan, I learned that many times, especially on pairs that have an ADR over 100, that the London session moved differently than the Asian or NY. Most of the time, the high or low of the session or the day are set during the first couple of hours of London and once that happens, price often moves several hours in one direction (sometimes there will be a little retracements and continuations). The market for the past couple of months has not been as consistent but as we get past the summer, I would expect that to change. The more aggressive entries I make at the beginning of London are based on that knowledge. I like to get at least 50 pips from the London session. I do not wait for TDI confirmation when I have a pullback candle or other candle pattern set-ups during the early London hours. I always monitor those trades until I get at least 21 pips into profit and then sometimes let the EA manage the trade from there.

Q: This is my long entry. Pair is eur/jpy.

Why would you enter long after a 165 pip move down? Back-testing will prove that very seldom will price make a reversal without consolidation even if it only moves 65 or 70 pips in one direction, let alone 165 pips (The only time I have found price to reverse immediately is when there is a very high impact news event). You need to do some serious back-testing to learn how price moves and reacts during different time frames. Also your entry was made after London had closed and NY was half over. Normally not a good time to enter unless you are scalping a few pips or news is moving the market.



EJ H1 trade for the day. Nice TDI move down and several Inside bar continuation patterns along the way. No reason to exit before TP was hit (exit would have been 2 bars later on a candle color change and TDI cross back over red).

Q: If I recall, you mentioned that you only trade using H1 TF (and M15 for timing). Now you advise us to learn how price moves and reacts during different TF? Is it H1 & M15 or someone else (H4, Daily TF)? Thanks for share your precious experience with us.

Sorry....I meant to say that traders need to learn how price moves during different times of day.....ie. London session vs NY session vs Asian session. It is also important to learn what price does on your favorite pairs during certain types of news releases, ie Japanese releases, US releases, etc.

You are right.....I primarily trade the H1 with an eye on the M15 to see where price may go. However, I do a weekly analysis of all time frames at the beginning of each week and gather information about each time frame....where is S/R, is the TDI overbought, oversold or riding the 50 line on each time frame, are there trends to be aware of on different time frames, etc? I write that analysis out and print it so I can posted it on my bulletin board for reference when I trade. I do not go into the same detail as Emmanuel but I do an analysis similar to what Rick does on his blog....Pro Traders Network. Hope this clears up my earlier statement.

Eight trades this week on EJ H1 with some nice price action.



Q: What I may have noticed from your Charts: By now I have never seen a Trade taken by you in the Overlapping time from London to New York. Is that right that you ignore signals at this time?

1. My primary trade times are the first 3 hours of the London session.
2. Sometimes I will also continue on with trades entered earlier, thru the end of the London session.
3. I sometimes take scalp trades during the Asian session.
4. I do not like to trade during news in the NY session. Sometimes I will trade after news if I have a confirmed direction.

Q: Can you share me how you manage trade after you enter the market? I'm struggling with exit point and very uncomfortable with it?? Here is some trades I take this week. I think there will be good result if I managed trade better.

I have attached my chart with the trades I took during the same period as the chart you posted. The first thing I see is you did fine on the first two trades of the week. The third trade that you entered was prior to the London open. If you had waited for the LO, market volume would have gotten you 50 pips with less than 10 pips drawdown. Until you are comfortable with trading the Asian session, I would suggest you stick to the London session....there is much more market movement during London. Your long entry at LO was early. At LO, price was in a downtrend beginning from the blue pullback candle where your trendline starts. The TDI green had crossed below the red and was about to cross the yellow and the 50 line. I only looked for a short there, once price established a high in the first couple of hours of London. Most of the time, price will establish a high or low within the first two or three hours of London and then move 3 to 10 candles in one direction, with occasional retracements. Your first BE trade was taken very late and actually should have been taken three candles earlier at the cross of the TDI. Timing entries is critical to determining where exits are taken. You have to be like a sniper and when you get a good entry signal, pull the trigger. If you are late with the entry, many times you end up with a BE or losing trade.

As Lastingwell explained, when I open a trade, the EA automatically sets the TP & SL to what I have set.....my default is 50 pips on each (the SL is just an emergency SL). I then adjust both the TP & SL as the trade progresses. Once I am in 21 pips, the EA moves the SL to BE but if I am monitoring the trade, I watch for long pullbacks. The more I am in profit, the tighter I keep the SL. As you can see on the 78 pip trade on my chart, once price pulled back 10 to 15 pips, I could see that the downtrend was probably exhausted, so I exited manually. I also knew that many times, the LO candle will reverse or retrace on the trend. I did not re-enter after LO because of the big move made during the Asian. Usually, London will consolidate when there has been a big move during the Asian. Once you incorporate the things you learn into your trade plan, it becomes second nature to act on them.. ...keep learning and testing. You will get it!

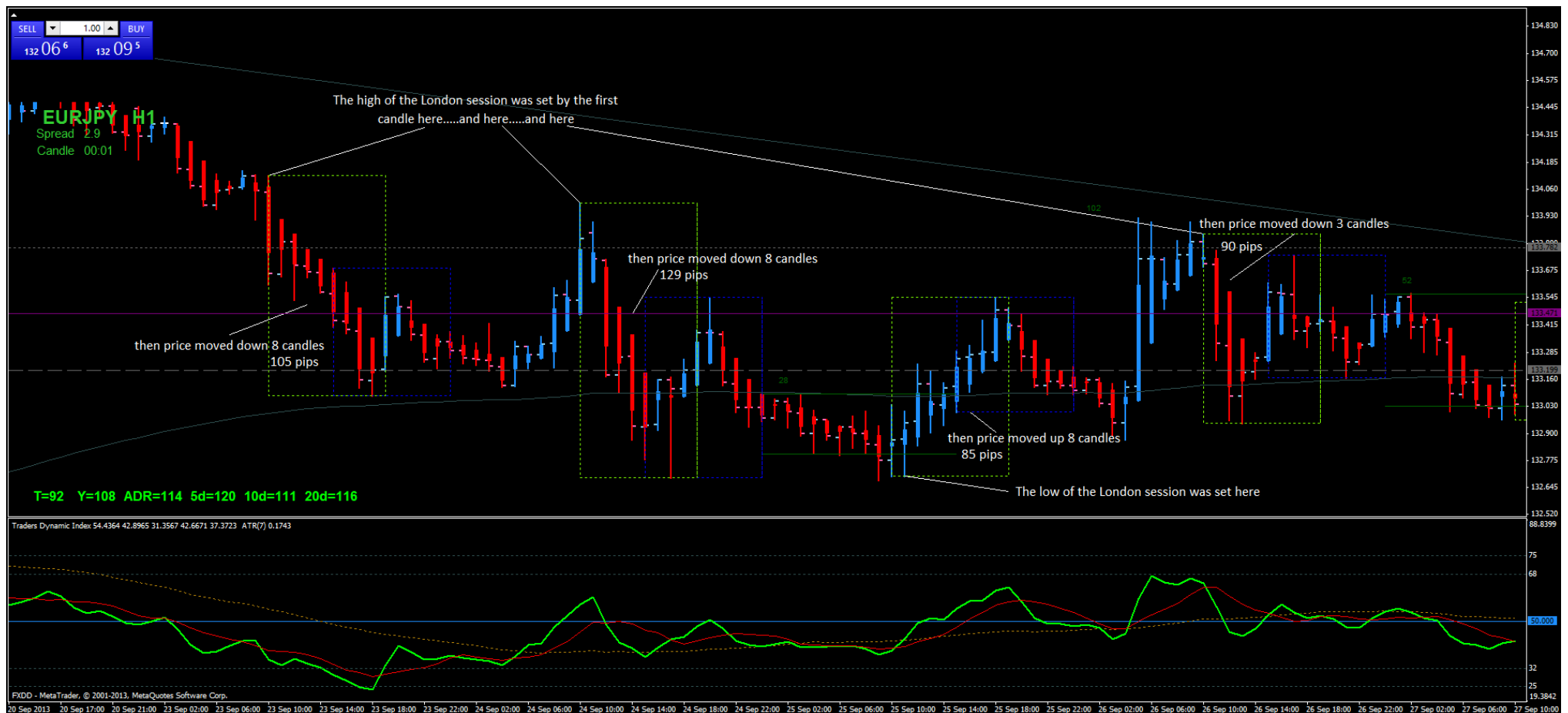
Q: I doubt all your trades, all your trades are winners? Is it possible?

I do have losses....every trader has losses and makes entry mistakes or the market reverses unexpectedly.....the secret to success is to make timely entries based on reading price action and price action history, using tools like the TDI, higher time frame S&R areas, top down analysis, etc, to see how price is moving and then limit the number of pips lost.....occasionally some of my losses are substantial but as heispark pointed out, I try to keep the amount of pips to a minimum. If you study the work of eelfranz, who started this thread, he normally exited when price moved against him 5 or 6 pips. I allow drawdowns up to 20 or 25 pips and a few times when I was not monitoring the trades, I have suffered 50 pips losses. I can tell you that overall, based on the number of trades I take now, 78% to 80% of them are profitable, not always to the original TP, but profitable, none the less. I also have many BE trades but I will take a BE trade over a loss any day. Reaching this point has required dedication and after hundreds of hours of study and back testing and forward testing and demo trading, spending many, many hours learning from mentors, attending free webinars put on by other traders and taking away small parts of what I learned from them, I developed a trading plan that works for me. I continue to interact on this thread only to help others and encourage traders who are serious about learning to trade and willing to put in the effort to succeed. Many will fail but a few will succeed. My intentions are to give back in honor of those who helped me along the way. Hope you have success and develop the trading plan that works for you.....

Attached are my trades for this week on EJ H1. Trades 1,2 & 3 taken during London on Monday. I waited for the second candle to set a direction but it turned out to be a fake-out candle....BE on that trade. Then entered short expecting price to move down but price retraced again....exited with a small profit. Then finally, a good signal on the TDI....green crossed over red and yellow at a sharp angle indicating a possible long move. Trade 4 was easy, an earlier pin-bar during the Asian session indicating price should move down and based on the next few candles, I took a short trade at LO. Trade 5 taken as continuation of that downtrend during the Asian. It did not reach TP....closed manually on a pullback as the trend became exhausted. I did not enter any trades at LO following trade 5 due to the long move down during the Asian. I expected consolidation or retracement during London on day 3. The NY session on day 3 broke above the trend-line and started an ABCD pattern. Trade 6 was entered during the Asian on the CD leg. The first 2 candles on London on day 4 created a double top and the D leg had completed, so I entered short for trade 7. The third candle of London tried to break through but price pulled back and continued short, starting another downtrend. Trade 8 was taken on a cross of the TDI green over red below yellow and the 50 line with a rejection of price at the trend-line, during the Frankfurt Open on day 5 of the week. That trade took a long time to hit TP but finally hit (barely).



Q: Hi, I have seen you repeat this in your posts but I can't get my head around it. The reason is when the market is trending we get HH and LL so I don't get it how price establish a High or a Low. Would you please show this on one of your charts please?



Q: Signal are when Lo and Ny TDi cross with red or blue candle and ABCD , follow SR and Dhigh and dlow? and Sl: 50 tp :50 trailing:25?

I think you are asking about entries. I seldom trade the NY session except after news has moved the market. Most of my trades are London trades based on the principles I am showing on this chart.

I marked the ideal location to enter on each of the 4 examples.

Trade:1 I would have entered on a break below the previous candle with the TDI green crossed over red.

Trade 2: The entry would be following the open of the third candle with the TDI cross.

Trade 3: The entry would be at the open of the second candle with the TDI cross.

Trade 4: Entry would be following the open of the second candle. The TDI had already crossed on the LO candle.



Done for the week.....here are my trades on EJ H1 for the week.....explanations on the chart.



Q: If you weren't done for the week would you consider entering EJ short at the minute if the current double top plays out at the end of the hour? I know its Friday. Regards Adam p.s. also how do you manage your time in front of charts as you seem to enter trades around the clock, do you just get a sixth sense or do you check hourly religiously?

Due to the strong move up for the last 3 days and because it is Friday, I would expect price to consolidate for the rest of the day. For those reasons I would not enter anymore trades today.

I do have my charts on most of the time.....because I own my business, I can do some chart watching at work and I leave the charts on at home, whenever I am there. No....I don't watch them every hour. My focus is normally the London session which is middle of the night for me but I check the charts every hour until I get into a trade, then go back to bed. I also trade movements during the Asian which is late afternoon and evening for me. I seldom trade the NY session. For the past 3 days, my trading has focused on the ABCD patterns only....on Wed I did take a trade just before LO, monitored it for an hour or so and let the EA finish the trade while I went back to bed. Earlier in the week I took some smaller trades that I closed manually or set TP at previous resistance. Please understand, I am older and my family is grown and gone and I don't sleep all that much. It is just my wife and I left at home. I don't have family responsibilities like when I was younger with children at home, which gives me more time to spend doing other things, like trading.

Q: I then mistook yesterday's London fakeout candle for a short setup because it looked like the setup on the previous day. How did you know it was a fakeout? Only thing I saw on my chart was price had gone back above a trendline I had drawn...

1. Because price moved up over 75 pips during the Asian session (as I have explained before, I have found that when price moves 60 or more pips on Euro pairs, it usually consolidates before reversing, unless there is a news event that moves the market).
2. Many times the first candle of London can be a fake-out candle.
3. Based on that, I expected consolidation or a small retracement at LO. As it turned out, the retracement was small and turned into the BC leg of an ABCD pattern.

Q: It was the similarity to the previous day's LO trade I had taken that put me off. The difference then was that the FO candle had already broken below the previous candles' lows, while the Oct 10 trade was the LO candle breaking lower, thus setting the session's low?

I understand what you are saying....the moves looked similar. One thing you need to see is the wicks on the candles. Please notice that on the previous days move, price created a reversal candle pattern with the 3 blue candles....that is a consolidation pattern and all 3 candles had very long upper wicks. Compare that pattern to the candles on the next day.....the wicks are very short and there was no inside bar. These are the subtle things that give clues to what may be happening.

Q: Why didn't you take the trade circled in red where TDI crossed ?

Red circle 1.....The London session had no momentum. The session opened with a double top, then moved down about 30 pips. I took the short but exited early. Price then created a triple bottom and moved up. I would not enter a long there until price broke through the resistance created by the double top at the beginning of the session. Price did not break through and consolidated.

Red circles 2 & 3....I seldom enter trades during the NY session unless there is an ideal setup following news.



Q: Can you share how you apply this into your trading plan? I was checked out some trades on H1 TF and I did not see any principles for those trade you had taken... Or do you analyze this concept on M15?



(strong signal)

what defines TDI trend is the MBL.

what defines price trend is swing cycles(HH,HL,LL,LH).

whenever price trend and TDI trend are in harmony = "\$\$\$\$"

In answer to your question, I trade based on what I see on the H1 charts. I have a small M15 chart open on my screen just to spot possible changes in trend but all my decisions are based on the H1. The decisions I make include my weekly analysis of S&R and trends on the higher time frames, as well. The only exception to taking trades on the H1 is if I am scalping the market for just a few pips.

If you examine the last chart I posted, for the week ending 10-11, and look at the trend from Wednesday thru the end of the week, you can see how applying the principles Munir noted would have gained you many pips. I was able to earn 120 pips on Thursday and Friday on two trades by trading the trend.

Personally, I take trades with the trend but I also take countertrend trades. The HH HL's don't always apply when trading countertrend. However, even with countertrend trades, I watch the MBL and the TDI. If the MBL is below the red and the green crosses over the red on a long trade, and all are above the 50 line, there is a much higher chance that price will reach the targets. If the MBL is above the red or green on a long trade, you have a much smaller chance of reaching TP.

What Munir was referring to is trades taken with the trend. The principles he outlined give any trader a higher probability of successful trades when these principles are followed. When the price trend and the TDI agree, one can gain lots of pips. An aggressive trader may trade with the trend and countertrend trades. A more conservative trader will only trade with the trend. A couple of posts ago, SnarlyJack indicated he prefers to trade with the trend. Every trader must determine what works best for them.

Munir wrote:

"A - price made LL (trend down) - TDI crossed up, but below MBL (not strong signal)

B - price made LH (trend down) - TDI crossed down, but above MBL (not a strong signal)

C - price made HL (trend up) - TDI crossed up, above MBL

Q: In the 100 business days from May 23 up to last Friday 11 October (i.e. not including UK Bank Holidays May 27 and Aug 26), the high or low of the London session (0800 to 1700 British Summer Time (GMT+1)) was set in the first 3 H1 bars of the session the following number of times: GJ 81, EJ 76, EA 74, EU 65, AU 71, GU 77. If you took out the NFP days and the MBR days, I'm guessing that the percentages would increase.

The really interesting first 3 bars of the session are on days where there is strong PA and where the green is in a good position relative to the MBL (and possibly the 50.) I recommend a look at the position of the green relative to the MBL (and possibly the 50) on Phx62's trades.

I did some tests two years ago and others more than three years ago with similar results. My testing showed just a little higher on some pairs and a little lower on others. There are enough times that the high or low is set in the first three hours of London to make it worth finding a way to trade that scenario. I also discovered that price will usually move 3 to 10 candles without changing color or retracing (occasionally small retracements will occur and then the trend will continue), making for some nice long trades.

I finally got a minute to post a couple of trades.....only two EJ H1 trades so far this week.....both London session trades.



Q:



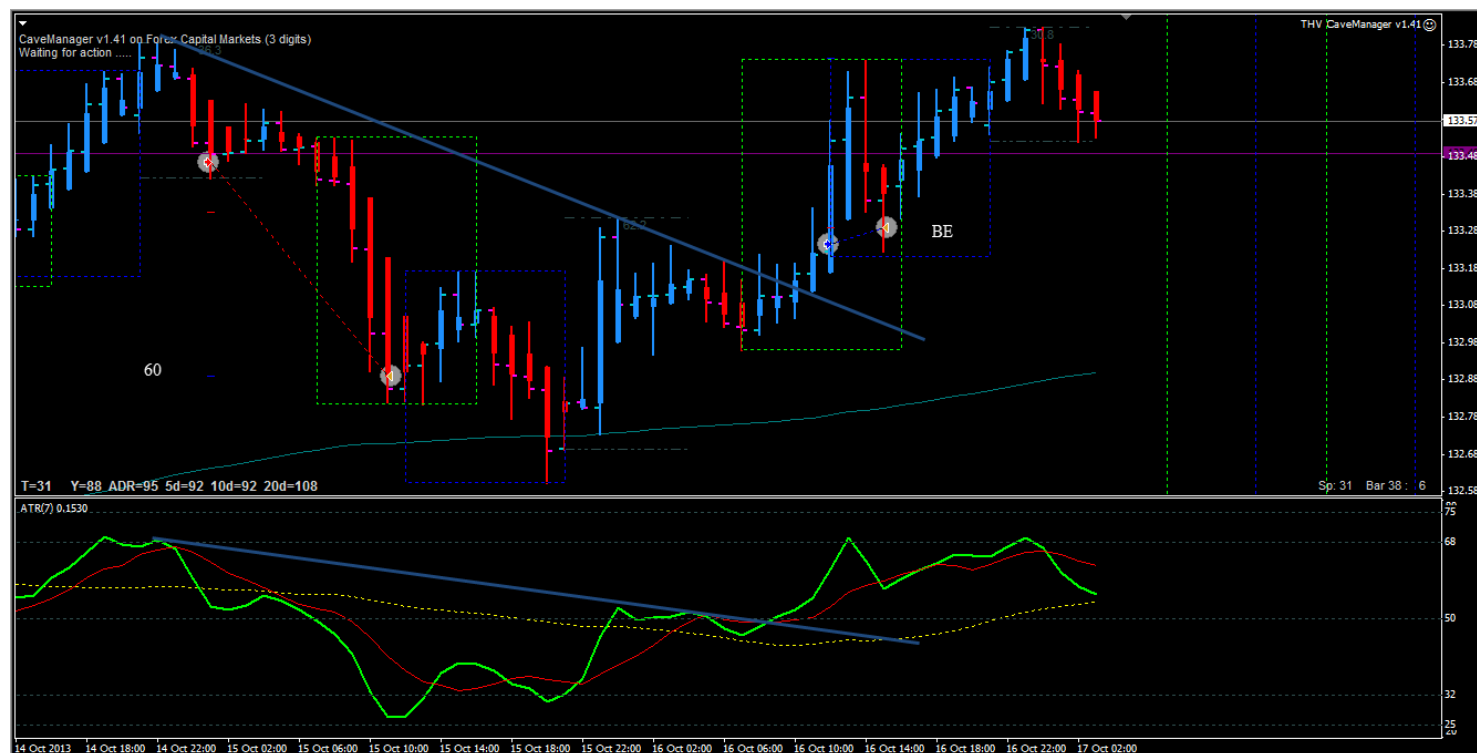
What I see on your chart is your entries could be a little earlier, as well, giving you more pips and more room for any drawdown. On your first trade, even a conservative entry would have been made on the same candle you entered, only entry made as price broke below the bottom of the two previous red candles (about 133.40).

On the second trade, a conservative entry would have been just a little earlier. Possibly when price broke above your other resistance line at 133.194.

Exits are tricky when there are large pullbacks but my rule of thumb is if the trade is still in the first 3 candles, I need to see a change of color candle to exit. Otherwise, I stay in the trade for the first 3 candles until it moves to TP or back to BE. As the trade progresses, I then look to exit on pullbacks. The more pips I have gained, the sooner I will exit. During the London session, most of the time trades will move at least 3 candles in one direction.

Over the years, I have learned that entry as early as possible is critical to gaining pips and reaching TP.

Q: I nearly took the same trade with you but I know there are not perfect timing..... I have a question, I was confusing on Wednesday after the first candle of LO.. I was intended to join into the market after this first LO candle close but LUCKY I was not do it.. Can you give me some reason you was not trade on this scenario?



There are several reasons:

1. Rules of TMS, as outlined by Big E, are that we enter on the 1st or 2nd candle following a TDI cross over and change of candle color. If I were going to enter short, it would have 2 candles before London following the blue pullback candle pattern, a change of candle color and a cross of the TDI. Based on this scenario, there was no short entry around LO. That entry point had occurred two or three candles earlier.
2. I had also marked the AB leg of a possible ABCD pattern and the LO candle retraced to the 50 fib. I entered anyway, expecting the CD leg to complete near my TP.
3. Many times, the first candle of London is a fake out candle.....it will appear to move one direction and then reverse and move 3 to 10 candles the other way.
4. As I have discussed many times, I am looking for the high or low of the London session to be set in the first two or three candles. In this case the 2nd candle moved up 20 pips from the open of that candle and then pulled back but closed higher than the open of the candle, indicating to me that possibly, the low of the session was set by the opening candle.
5. On the open of the 2nd blue candle and a cross of the TDI green over red and over the 50 line, with all above the MBL, I entered long. Price pulled down 7 or 8 pips and then continued long to hit the TP. Once the trade was in profit 21 pips, I let the EA manage the trade and went back to bed. TP was not hit until the second hour of NY.



Due to the US Congress reaching an agreement to temporarily fund the government and stop the shutdown, I concentrated on trading US pairs today. It took some patience but both trades paid off handsomely!!!!

I entered the EU H1 trade on the LO candle as it broke above Yesterdays high and above the previous candle. The 1st two candles were strong, so I moved my SL +10 and my TP to 100. It took almost 8 hours to reach the TP but it finally made it.

I entered the GU H1 trade on the LO candle also, as it broke above the 200 EMA and the previous candle. TDI was in line to bounce with green over red over yellow. Again the first two candles were strong so I moved SL and TP the same as the EU trade. When I woke up to check the trades, I decided to lock in more profit and move the TP on this trade to 150, since GU usually moves more during news and world events. Price missed that TP by 2 pips.



Closed it manually at 136 because I was going to work and did not want to lose anymore pips. Price might still go the TP but I am out of both trades with 236 pips total.....a very good day.

Just completed my EJ H1 trade for today.....based on market harmonics, I expected price to move at least to last months high. With the help of NFP announcement, it blew on past and hit TP. Chart shows trades taken last Friday, Monday and today.



Q: I have one question about Monday. The beginning of London Session looked to me like a setup to enter short. - FO rejected the Friday high - LO retested and closed lower The candle after LO opened red and started to pull down. I saw that in some of your previous posts this would be considered like a LO rejection trade. Am I wrong? In your opinion, was it a good setup, why wouldn't you take that?

If I were only looking at price and candle patterns like the blue Frankfurt pinbar (as you described), I might agree that a short trade was in order following LO on Monday. But if you analyse further you can see some things that are not in agreement with a short trade. Take a look at the TDI. Where is the yellow Market Base Line? Where is the green RSI Price Line? Where is the red Trade Signal line? Are these lines above or below the 50 line and is the TDI trending up, down or sideways? Is price trending up, down or sideways?

What I saw, in addition to what you pointed out, was Price had been trending up since the open of NY on Friday. The TDI MBL was flat but the green RSI and red TSL were also trending up, with no divergence. All three TDI lines were above the 50 line. The green RSI and the red TSL were both above the yellow MBL. The green Price Line bounced off the red TSL at the open of the entry candle. The red setup candle created a pinbar and closed higher than it opened. Those are the things I saw that indicated a long entry. Even with those signals, there was not much volume and price did not move very far in the 10 hours I was in the trade, so I exited with a small profit.



No EJ H1 trades on Monday LO, with no clear entry signal and price bumping up against what proved to be serious resistance area. TDI green and red were above MBL and hovering around the 50 line indicating consolidation.

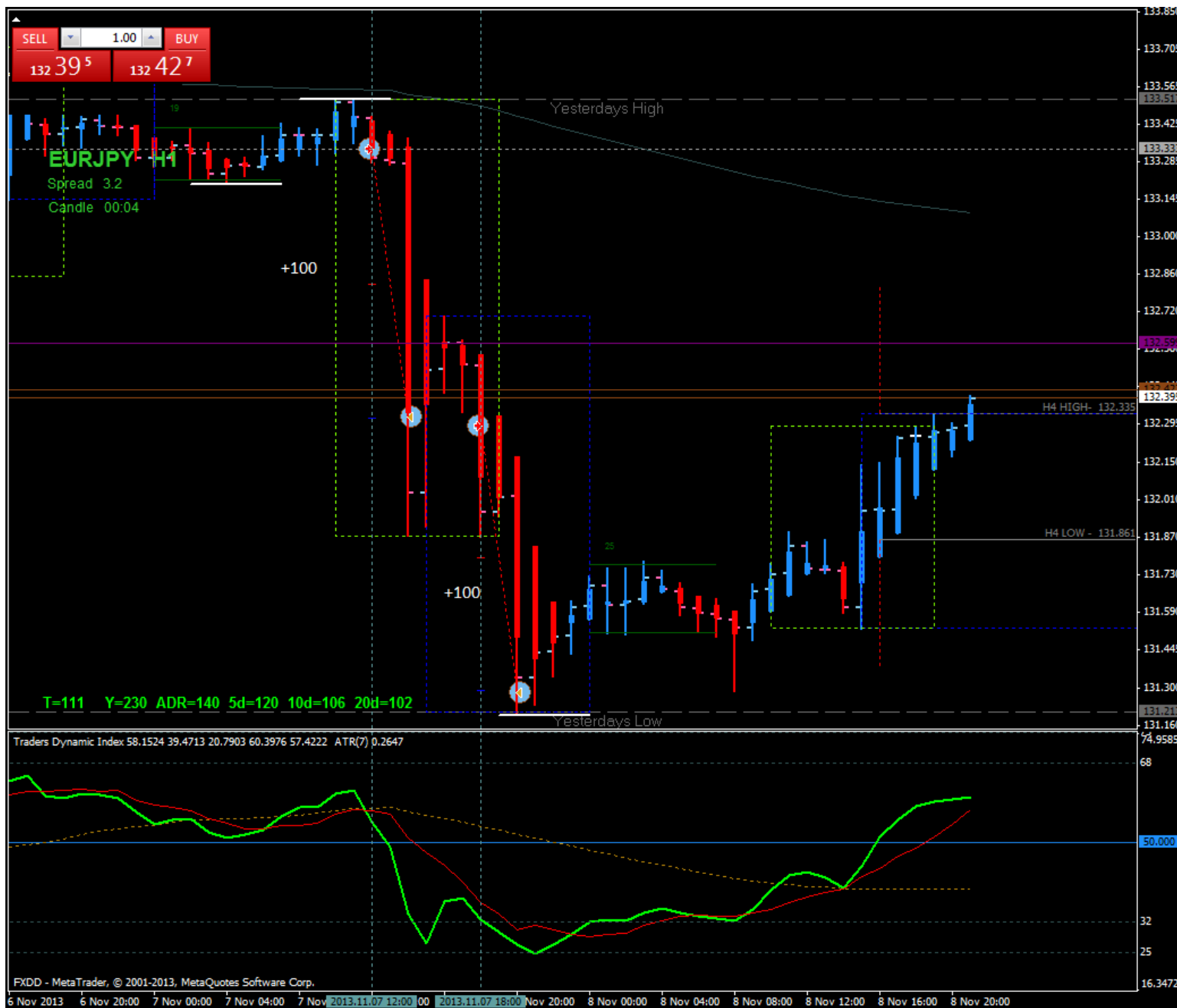
1. Monday Asian session, entered short on a bounce off resistance and a break below the red set up candle. TDI green had crossed red and yellow and the 50 line.

2. Tuesday Frankfurt candle trade based on a bounce off resistance and a break below the setup candle. TDI green crossing red and below MBL. Price pulled back so I exited with +22.

3. Tuesday Asian session....nice pullback candle before news, a break above the blue setup candle and TDI cross.....news pushed price past the daily resistance line and hit TP.

4. On Wednesday, entered short on LO set up but TDI green and red were above the MBL....not a good entry....out a BE.

5. A price action trade, not a TDI trade.....re-entered long based on the nice red LO pullback candle.



Thursday/Friday trades....

EJ H1.....London trade on Thursday based on double top and a TDI signal to enter short. I set my SL just above the double top in case news would push price up. News pushed price strongly down...moved my TP & SL during the trade. 2nd trade.....taken short on a break below consolidation. Again moved SL & TP as the trade progressed. No good signal on EJ H1 on Friday...MBL above green and red @ LO. Did not enter on bounce @ NYO due to pending Non Farm payroll news.



GU H1.....nice ADR for the last two weeks so I decided to trade some GU.....LO on Thursday created double top....entered on cross of TDI at open of 2nd candle....price didn't move much for a couple of hours then moved down on GBP news. Friday....entered short trade after NFP news release moved down and then pulled back. Price action entry on a move down after the NFP candle was completed. Price continued down to TP. Many times price will pull back following big news releases and then continue in the direction that news moved it.



One trade today....EJ H1 entered long at LO following a cross of the TDI and a break above the Frankfurt candle. With some banks being closed and little news, it took a long time to reach the TP.

Two trades today on GU H1. I have been reading the discussion about news trading. Trading at news time is not something to be afraid of. We just have to manage when and how we trade around news. Obviously, we should not enter a trade right at the news time unless we have learned how to be fundamental traders. I only stay in an existing trade at news time if my risk is managed and I would never enter a trade 15 to 30 minutes before a major news release. I have attached two charts GU H1 and GU M15 showing the trades I took today (I did not take the trades on the M15....that chart is just to point out the news candle.....both trades were taken on the H1 chart). Notice that the LO trade was taken an hour before the GBP news releases. Price had already moved 38 pips in my favor BEFORE news was released so there was no risk in staying in the trade. My SL had already been moved to BE before the news. My second trade was a scalp trade for 40 pips on a cross of the TDI. Since it was at NYO, I set a 40 pip TP.



GU H1 trades this week.....the first two were posted earlier. A nice move up on Wednesday with news....entered on a break of last week's low.....2nd trade was just a scalp trade based on continued movement following news....did not quite reach TP, so I closed it manually. Thursday produced a breakeven trade following LO....was able to pick up a few pips during NY. Friday....one BE trade entered on LO candle.



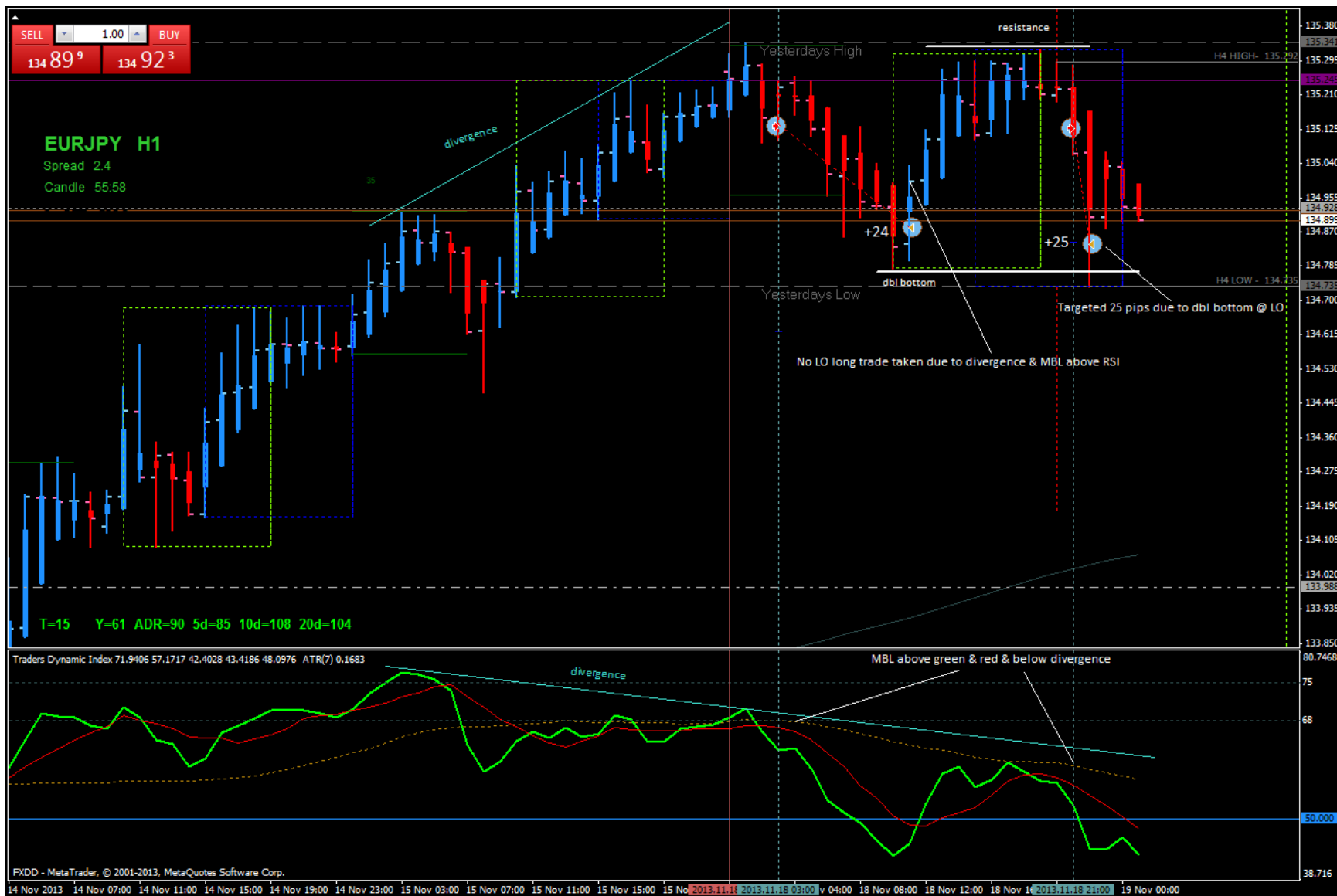


EJ trades this week. I entered the first one as a H1 trade at LO based on price action and TDI confirmation. As the trade progress, I opened the H4 time frame and decided to monitor the trade on the H4. I moved my TP to 150, not expecting price to reach that point. It did!! The second trade was entered as a H4 trade and was based on the ABC harmonic pattern that appeared to be setting up. Not wanting to leave the trade over the weekend, I closed it manually an the last Friday candle. Price may very well continue up next week to complete that ABCD pattern but 270 pips on 2 trades is exciting. My next project is going to be to learn more about H4 trades. I know Emmanuel and others have posted lots of information on this thread and I will be studying that and apply my trading plan rules to see how it works for me.

Q: For the 100 pip trade on GBP.USD what signal did PA give you to take the trade? Also, I entered a trade on EUR.JPY yesterday. I entered with a pullback that formed around yesterday's high and a break of Frankfurt during LO. What would make you take/not take the trade?

The GU 100 pip trade was just a typical LO trade. As you know, I look for the high or low of the London session to be set in the first couple of hours of the session. There was no entry signal until candle 2 broke above the LO candle. I waited for price to also break above last week's low (purple line) to enter. The entry candle was also a GBP news candle so there was a little more risk involved but I had already moved my SL to just below the LO candle following entry. The TDI confirmed the entry with green over red and yellow.

The chart you posted was also a good entry on the EJ H1 and would have been good for 40+ pips. Again, a typical LO type trade....a nice pullback candle formation just prior to the LO indicting price should go long. My entry would have been on a break above the Frankfurt candle where your green arrow is located, Since I was already in the H4 trade, I did not look for the H1 trade.



Q: Time for a little bit of hindsight analysis. Looking at the price today during the later hours of New York, would it have been reasonable to enter a short around 20:00 21:00? Resistance formed at daily high with several indecisive candles for 6-7 hours and a break of the Tdi trendline. What reasons do you guys see to take/not take a short trade here?

Attached is my chart for the day showing my trades and reasons for the trades. Hope that helps answer your question.

I traded the EJ only this week. Below is my H1 chart for the week. The first couple of trades were posted earlier in the week. Tuesday NY session made a good move with the help of news. At the open of the Tuesday Asian session, there was a nice pullback reversal candle pattern with the TDI green and red moving out of the overbought area. Entered as a scalp trade and price moved down 40+ pips, so I moved my TP and stayed in it. After moving the SL to BE, I entered another trade on the second candle of London. It moved in my favor about 30 pips but pulled back and stopped me out at BE. I stayed in the first trade because it was already at BE and there was no risk of loss involved.....hit TP of +150. At that point another pullback reversal candle pattern formed and the TDI green and red were pulling out of the oversold area, so I entered long on a break above the blue IB. Price then moved up for 27 hours with no closed red candles to indicate that I needed to exit. The 150 pip TP was hit.....I also entered a London session trade that went for 50 pips after moving my SL on the first long trade. It also hit TP. On Friday, another PRCP formed indicating price might reverse again. I entered on a break above the LO candle confirmed by a cross of the green over red and yellow on the TDI. Since it is Friday, I left the 50 pip TP, which was hit.





I realize that this week was not a typical week to test the H4 time frame but I have been studying the information in this thread about trading H4 and tested some of what I learned, along with my trading plan. I did not use full lots for this testing in case I make some mistakes. I live traded with 5 mini lots. I made 3 trades on the H4 time frame. The first was entered long on a double bottom reversal. I did not wait for the TDI to confirm but entered on a change in candle color. After hitting the 100 TP, a pullback reversal candle pattern formed, so I entered short on a break below the last blue candle and TDI confirmation....TP hit. Another PRCP formed and I entered again on a break of price over the blue setup candle and TDI confirmation. There was no change in a closed candle color to indicate an exit was needed, so I stayed in. Price barely hit the TP. If it had not, I would have exited manually because it is Friday and the news releases were minor.

Q: I made a comment/question directly on your chart and attached it here (yellow arrows).



I am not sure why you would take a short trade where you have your 1st yellow arrow....the trend is still going up (which way is the TDI red TS line pointing? up or down?) and price has been moving up since setting the low of the London session.....in fact price had moved up over 80 pips. If you back test or forward test reversals on Euro pairs that have moved more than 60 pips in one direction, you will find that there will be a substantial consolidation before price reverses (unless there is a news event that triggers a reversal). Price did consolidate a little but there was no substantial movement down. In order for me to enter on the candle you indicated, I would have to see price make a solid break below the red candle, just before your yellow arrow. Almost always, there will be a pullback reversal candle pattern before a reversal will occur. That PRCP did occur, as shown in the gray circle.

On your 2nd arrow, the same reasoning applies. There had been a PRCP telling me that price was going to move down.....price did move down and the London session opened and price moved down until the NY session opened. I entered a trade at LO that moved to BE and I was still in the short trade following the PRCP, so I could see no reason to enter long. In order for me to consider a long trade there, I would have to close the short trade and then see price break solidly above the blue setup candle where your arrow is. Also, which direction is the TDI red TS line pointing? Until that line flattens out or changes direction, I would not consider a long trade.

Q: What are the colored horizontal lines purpose? Are they hourly and monthly resistances? Also, for the trade that met 150 pips (the first one. Short), What made you decide to stay in the trade at BE the entire day even with reversal and stopping your second trade out? Was it because it was a 4hr tf trade?

The gold lines are last month's high and low and the purple lines are last week's high and low....nothing more than reference lines and possible resistance areas.

As far as staying in the short trade, I had gone to work before the NY session opened and got busy with meetings and business. I did not get back to the trade until the second red candle (following NYO). I had set my TP to 150 and SL to +20, so I just let the trade play out, moving my SL down as the trade progressed and I could check it, since I was still at work....sometimes it's better to be lucky, than good. I also checked out the red TS line in the TDI when I did check the trade and it was pointing down every time I checked it. If it had flattened out or any other candle had closed blue, I would have been out.

Q: I've got two other questions to understand your point of view and analysis:

1) May you have a look at the LO candle from Tuesday (19). Situation before as I would have interpreted to that time: H1-trend in the Asian session continued to the downside, then in the middle of the session a retracement started with 5 blue candles (about 50% of the downmove). LO opening (the doji like APB) started. At this opening time

- price continued the move to the upside

- we had upwards pointing red and green TDI lines

At this time and minutes after that everything looks even fine to the upside. Than price turned and formed the doji on the last 2/3 of the hour. (Afterwards you entered short)

=> From your explanations I would have expected that you enter here with a long on a break of the prev. (blue) candles high. But you didn't do that, so there is something wrong in my viewing. What prevented you?

2) And that leads to my 2nd question. With this kind of bars I have my problems. What do you normally do in the case you entered a trade on H1 by your indication but then price turns against you after a couple of minutes even on the candle you've entered and the candle possibly changes its color.

=> Do you stay in, supposing that could have been a the normal smaller tf choppyness and you close that on the candle close (if the color or TDI confirmed the turn - supposing your stop is not affected) or would you close it immediately because of you think the upmove will not get enough momentum, at it should have to start a good trade.?

Most of the time the high or low of the London session will be set in the first couple of hours of that session and then the market will usually move 3 to 8 candles in one direction. Knowing this, I usually only enter on the LO candle when a trend looks like it will continue....otherwise, I wait for the high or low to be set. In this case, the low of the session was set by the third candle of the session.

As you described, at LO on Tuesday I saw the trend (from the London close on Monday) was short.....so I was looking for a short trade if that trend continued. The LO candle first moved up but did not break the high of the recent trend, then price moved down and the LO candle closed red and the TDI green crossed down over the red. I entered short, expecting the original trend to continue. It did not....price moved back up and I closed the trade at BE.

To answer the 2nd question, you need to spend some time studying the rules of TMS, as outlined by Big E, the thread starter. When you enter trades according to the rules he outlined, most of the time there is very little drawdown. Example: After the EA closed the BE trade, I then entered long according to the rules of TMS...after the open of the second blue candle and (my rule) after that candle broke the high of the setup candle. There was also a cross of the TDI confirming the change of direction. The green crossed over the red, the yellow and the 50 line, indicating to me that price would begin trending in that direction. The market did move up over 80 pips.

EJ trades last week.

H1....lots of sideways movement at the beginning of the week....mostly scalp trading with entries on M15 crosses.....did manage a couple of nice trades later in the week.

H4....just one trade on H4....still using 1/2 lots as I continue to learn more about the H4 nuances....still a nice trade that barely hit TP. As Emmanuel had pointed out, there was some major resistance at that level, so I placed my stop right at the resistance.





Q: Your scalp trades were nicely timed. A different question regarding trading this week though. Due to the ranging market in H1, you decided to cut your profits before they turned to a loss (no 50 tp). At what point do you tell yourself "this week is going to be a ranging market, better exit those trades quick"

I happened to look at some of the price action that you took your scalp trades and unfortunately I see not much of a discernable difference between a 50 pip run or a small movement of 20 pips. What criteria helps you differentiate?

P.s. Just being nosy, you mentioned that you trade with .5 lots for H4 time frames because you were testing out. Do you trade with larger amounts for H1?

Typically, during holiday weeks, market momentum slows and the market ranges. I entered the first trade of the week on a typical LO trade, expecting price to reach the 50 TP, since the TDI was moving out of the overbought area. It took price over three hours to move 25 pips, so when it pulled back, I got out. Following that move down, the TDI hovered around the 50 line, indicating no momentum, so I just scalped a couple of trades. The 100 pip trade was entered like the others but on the third candle, the market made a strong move up, so I stayed in.

To answer your second question, I normally trade with 1 full lot....occasionally, I will trade with up to 2 lots.

Q: As I understand, cross is confirmed upon the close of that candle, but your entries are almost always early, the latest example (one of them anyhow) being your 200pips blockbuster EURJPY trade. The signal candle closed - thus confirmed - at 137.9s, you entered the trade somewhere around 137.55-137.60. that's almost 30pips early. Can you please explain under what terms you decide to enter the market or is it that the close of candle is not that important?

That trade was entered at 137.614, about 7 pips after the open of the 3rd blue candle. At the OPEN of that candle, the TDI green crossed over the red and the gray MBL. The Traders Dynamic Index that I use was downloaded from the Compass FX several years ago and the crosses occur only at the close/open of each candle. They do not move in real time (if there is a very long candle, the lines will move slightly). At the close of the candle where your red arrow is pointing, the TDI green crossed over the 68 line, well above the red line.

Q: thank you for showing how you managed the sideways action on EURJPY last week.

Up to now I traded TMS on D1 and now try to apply your approach (as I understood up to now) on H1. I am working furthermore on your pdfs and have tried to transfer this last week on the EJ, but had (like you) problems to target the 50 pips especially the first days of the week, where the max. moves were about 25 - 30 pips after an entry.

I am interested in how you decide, when you move your focus from the original target of 50 pips to a reduced target - to rescue the pips before they were melted away...

Afterwards it is easy to see on the chart, but during the "production" of the candle I find it difficult to delimit the "normal" forward / backward move on this timeframe of the PA from the point where I should exit.

Sometimes the bar gets for some minutes the opposite color during the hour, only to resume the move in the right direction some minutes later.

Following your approach I was sometimes +30 pips in profit, just to look like they melted away, and I exited finally with only +5 to +10 pip.

Same thing this morning on EJ. After H1-signal at 7am GMT+1 this morning we go up about +23 pips. I know we are in an interesting S/R area from 2009. As I saw the pips melting again like last Monday/Tuesday, my finger (or rather my brain) was a little too fast and I closed the position with +10 pips (looking on PA of EURUSD in parallel). 5 min afterwards (on the opening of the 10 am candle again in blue) I thought that that was a fault and reentered. But as you see now, that was rather the fault.

But ok, sticking not to my plan should be punished - and so it was: Now I turned the not realized +23 pips into -5 realized pips on my account, because I was not able to distinguish a 50/100 pips potential from the 20 pips.

As I have taken this journey learning to trade the Forex market, I have spent hundreds of hours back testing, live testing, reading trading methods, taking webinars, studying charts, learning price action, learning candle patterns, trying indicators and fibs, trying naked charts, testing M5, M15, H1, H4 and even daily charts....reading, studying, learning from many different traders...Money Duck, Dean Malone, Lawgirl, Islander, Ty Young, Craig Harris, Big E, dcgnic, X-Man, Vantage, Jason Stapleton, Rob Booker, Emmanuel, Snarly Jack, dee50....and the list could go on. I have had to learn money management, entries and exits, where to place stop losses and take profits, how the TDI works with price action, candle patterns and candle movements, when to trade with news and when to stay away, where to place stop losses and take profits, how to use the ADR to determine profits, etc.....all things that each of you are also working to learn and apply into your trading.

Now that I have had some success with trading, I get lots of questions about "how did you know where to enter?", "how did you know that cross of the TDI would go 50 or 100 pips?", "what made you believe this or that would happen?", why did you trade against the 200EMA or a certain resistance area?", how do "you decide, when you move your focus from the original target of 50 pips to a reduced target - to rescue the pips before they were melted away"?, etc. The answer to those questions is.....I did not know!! I don't have a crystal ball to predict anything about the market and anyone who says they do is not telling the truth.

I can only say, I developed a trading plan with a number scenarios based on the premise of IF...THEN. IF this happens, THEN I will do that. Example: IF this certain candle pattern occurs and candle #1 changes to blue and the TDI moved up or crosses red or yellow or the 50 line, THEN I will enter when price breaks above the high of the previous candle. Sometimes that works and sometimes it does not work but I have refined it to the point that it works most of the time. When I make an entry, I do NOT know if it is going to move 20 pips, or 50 pips or 100 pips.....I just know that based on what I have learned over the years, I have developed a scenario in my trading plan that addresses that situation and I am willing to risk some money on an entry there. I also use the trading plan for exits....IF this happens, THEN I will do that.

In answer to your question about getting out, sometimes it is based on how many pips I will let it pull back before keeping some of them, sometimes it is based on a CLOSED candle of a different color and sometimes I am willing to let price run back to BE or a SL moved up above BE, on the chance the pullback is temporary and will continue to TP. If the TDI is hanging around the 50 line, it tells me that price is consolidating and I will only enter small scalp trades.

As far as learning the H4, I have developed my trading plan for H1 on EU pairs to the point that I now want to expand into H4. M15 has too many whipsaws and reversals so I seldom trade that time frame. Many have had success with H4, so I want to see how that time frame works for me. I tried it once before but it was too slow for me. Since then, I have learned to be more patient and maybe the H4 is something I can use. I would like to develop a plan that allows me to enter on the H1 and stay in the trade longer on the H4.

--

You need to learn to trust the TDI when it matches with price action. It doesn't get much better than that....entry on 2nd red candle at LO with a cross of green over red and the MBL.....moving out of the overbought area. When all those things fall into place, most of the time price will move at least 50 pips on Euro pairs, even if it is a retracement. Put in the time....learn from back testing and forward testing....you will see that for yourself.

As far as exits are concerned, I have found that if you wait for a candle to close in the opposite color or a long pullback bar forms, that is the time to exit, if your TP has not already been hit. Getting out at every little pullback will drive you crazy.

Have been very busy with my business, trading and family but for those interested, here are my trades for this week, so far. All the trades are pretty much self explanatory. Triangles indicate pullback candle reversal formations and straight white lines indicate double/triple tops or bottoms, usually followed by consolidation or inside bars (reversal patterns). All trades confirmed by TDI crosses. One BE trade followed by a re-entry.



Q: I have read your PDF I and II twice and its amazing that how you manage to close the bad trades at BE or small loss and stay in winning ones with patience. Is there an exercise we should do to copy your emotions. Most of the time when trade goes against some of us we don't close and wait for its reversal. In your last chart you have a BE trade which finally went into your direction later and you re-enter to made your profit. I believe with this simple system, if we control our emotions and work mechanically, we all be successful. Please provide your expert advise?

Thank you....but it really isn't amazing.....anyone can do it with lots of practice, discipline and trade management application. As you may have read in the PDF's, my best trades are when I look for the first couple of hours of London to set a high or low of the session and then enter, based on the TMS method and on price action, candle formations and/or TDI confirmation. Sometimes the market doesn't cooperate but most of the time, it works. I try to manage the trade until it gets into profit 21 pips and then let the EA close the trade if price returns to the entry price. When I am able to monitor the trade, I may move the TP &/or SL, based on momentum/market volume. When I don't monitor the trade, price will hit the set TP or BE. My advise is to do lots of back testing, forward testing, learn price action and what normally happens when price creates certain candle formations. Please watch the video that Bizzle posted a couple of posts ago. There are lots of clues in that video.....learn them and use what you learn. Trading IS simple if you keep it simple. Once you learn patience and gain an understanding of how the market moves most of the time, it becomes second nature to trade. Be a sniper, not a machine gunner.....wait for the exact setup, at the right time of day, and then pull the trigger instead of taking every possible cross of the TDI when there isn't any momentum. Five or six trades a week, taken at the right times can provide a steady income.